

General Financial Literacy

Unit of Credit: Semester (.5)
Grade Level: 11-12
Prerequisite: None

Introduction

The General Financial Literacy Core is designed for junior and senior students and represents those standards of learning that are essential and necessary for all students. The implementation of the ideas, concepts, knowledge, and skills contained in the General Financial Literacy Core will enable students to implement those decision-making skills they must apply and use to become wise and knowledgeable consumers, savers, investors, users of credit, money managers, citizens, and members of a global workforce and society.

The Core should be taught with respect for differences in learning styles, learning rates, and individual capabilities without losing sight of the common goals. Using a “hands-on” instructional approach involving techniques such as problem solving, reasoning, simulation, and direct application of the concepts of this Core to the world in which students live will empower them to incorporate the concepts of the General Financial Literacy Core into their lives. The General Financial Literacy Core will incorporate concepts and skills from mathematics, language arts, social studies, applied technology, character education, and applied service learning.

Beginning with the class of 2008 all students will be required to successfully complete the General Financial Literacy requirement to graduate.

Intended Learning Outcomes

The Intended Learning Outcomes (ILOs) describe the skills and attitudes students should learn as a result of successful participation in the General Financial Literacy (GFL) course. Intended Learning Outcomes are an essential part of the GFL Core and provide teachers with a standard for evaluation of student learning. Significant understanding occurs when teachers incorporate ILOs in planning instruction for the GFL course.

By the end of the GFL course students will:

1. Be informed and prepared to be prudent managers of financial resources, enabling them to achieve long- and short-term financial goals and security.
2. Be engaged in establishing career goals that will provide adequate income and personal fulfillment.
3. Demonstrate an understanding of personal financial planning and sound money management skills.
4. Actively participate in and understand management of personal savings and investments.
5. Accept responsibility for and understand personal and societal consequences of financial decisions

General Financial Literacy

CORE STANDARDS & OBJECTIVES

Standard 1

Students will use a rational decision-making process to set and implement financial goals.

Objective 1

Explain how goals, decision-making, and planning affect personal financial choices and behaviors.

- a. Discuss personal values that affect financial choices (e.g., home ownership, work ethic, charity, civic virtue).
- b. Explain the components of a financial plan (e.g., goals, net worth statement, budget, income and expense record, an insurance plan, a saving and investing plan).
- c. Compare short-term and long-term financial goals.
- d. Design a plan to reach a specific financial goal.
- e. List advantages of designing and following a personal financial plan.

Objective 2

Analyze the role of cultural, social, and emotional influences on financial behavior.

- a. Explain how limited financial resources affect the choices people make.
- b. Describe the influence of peer pressure as it relates to purchasing decisions (e.g., fashion, acceptance from others, need for latest gadget).
- c. Explain how scarcity relates to needs and wants.
- d. Analyze the impact of marketing, advertising, and sales strategies/techniques on purchasing decisions (e.g., impulse buying, delayed payment).
- e. Evaluate the role of emotions when making financial decisions.

Objective 3

Relate financial decisions to personal and societal consequences.

- a. Recognize that individuals are responsible for their finances.
- b. Describe consequences of excessive debt (e.g., increased consumer costs, inflation, family instability).
- c. Describe the social and economic consequences of bankruptcy.

Standard 2

Students will understand sources of income and the relationship between income and career preparation.

Objective 1

Identify various forms of income and analyze factors that affect income.

- a. Identify sources of income (e.g., wages, investments, self-employment).
- b. Compare common employee benefits (e.g., insurance, leave, retirement).
- c. Compare income to the cost-of-living in various geographical areas.
- d. Analyze how economic conditions affect income.

Objective 2

Identify and understand required income withholdings.

- a. List the reasons for taxation and uses of tax revenues.
- b. Describe the purposes of Social Security and Medicare.
- c. Calculate net income from an employee payroll record.
- d. Demonstrate how to complete personal state and federal income tax forms.

Objective 3

Analyze criteria for selecting a career and the impact of career choices on income and financial stability.

- a. Describe the correlation between income and a worker's skills, education, the value of the work to society, condition of the economy, and the supply and demand for workers.
- b. Develop career plan(s) that include educational requirements, skill development, and income potential.
- c. Analyze the costs and benefits of developing new skills for the workplace.
- d. Identify the risks and rewards of entrepreneurship/self-employment.

Standard 3

Students will understand principles of money management.

Objective 1

Describe the role of planning and maintaining a balanced budget.

- a. Develop, monitor, and evaluate a personal budget.
- b. Discuss opportunity costs and trade-offs in budget implementation.
- c. Identify and discuss the social and personal consequences of not following a budget.
- d. Compare and evaluate various tools available for keeping track of budgets (e.g., envelope systems, computer programs, and paper tracking).
- e. Demonstrate knowledge of financial transactions, checking and savings accounts, and associated financial services.
- f. Demonstrate how to manage a checking account.
- g. Evaluate the impact of major purchases on budgeting (e.g., automobile, housing).

Objective 2

Understand credit uses and costs.

- a. Discuss the history and role of credit.
- b. List basic types of credit (e.g., credit cards, installment loans, service credit, revolving credit, student loans).
- c. Describe the risks and responsibilities associated with using credit.
- d. Identify methods of establishing and maintaining a good credit rating.
- e. Explain the purpose of co-signers and collateral when applying for a loan.
- f. Identify warning signs of credit abuse (e.g., late fees, missed payments, collection notices, bounced checks) and ways to correct credit problems.
- g. Calculate and compare costs associated with the use of credit (e.g., finance charges, interest, late fees, default rates, closing costs).
- h. Calculate how long it takes to repay debt and the total costs when a borrower makes minimum payments.

Objective 3

Describe the impact of credit on money management.

- a. Compare the advantages and disadvantages of different payment methods.
- b. Compare the services of various types of financial institution (e.g., banks, credit unions, investment brokers, loan agencies) and identify advantages of comparison shopping before selecting financial services.
- c. Describe the relationship between a credit rating, the cost of credit, and factors that affect credit worthiness.
- d. Explain the value of credit reports and scores to borrowers and lenders.

Objective 4

Describe the rights and responsibilities of buyers and sellers under consumer protection laws.

- a. Explain the purposes and features of consumer protection laws, agencies, and sources of assistance.
- b. Describe ways to avoid "identity theft" and fraud (e.g., keep Social Security numbers secure, properly dispose of outdated documents).
- c. Explain the importance of understanding financial contracts (e.g., disclosure information, grace period, payment penalties, method of interest calculation).
- d. List possible actions a consumer can take in response to excessive debt and collection practices (e.g., sell assets, negotiate a repayment schedule).
- e. Describe ways to avoid financial scams and schemes designed to defraud consumers (e.g., Ponzi and pyramid schemes, affinity fraud).

Objective 5

Discuss the purposes of insurance and risk management.

- a. Identify common types of insurance (e.g., automobile, health, homeowner's, renter's, life, long-term disability) and their terminology (e.g., term, whole life, deductible, premium, grace period).
- b. Describe how insurance and other risk-management strategies protect against financial loss.
- c. Discuss insurance needs at various life stages.
- d. Identify the importance of estate planning (e.g., wills, trusts).
- e. Discuss the consequences of being under-insured.

Standard 4

Students will understand saving, investing, and retirement planning.

Objective 1

Describe the value of saving in the financial planning process.

- a. Identify ways to save (e.g., payroll deduction).
- b. Analyze reasons to save.
- c. Explain how government regulations protect savers.

Objective 2

Describe the value of investing and types of investments in the financial planning process.

- a. Identify and explain types of investment vehicles (e.g., stocks, bonds, real estate, hard assets).
- b. Identify strategies for investing (e.g., diversification, dollar-cost averaging).
- c. Compare long-term and short-term investments.
- d. Explain how government regulations can protect investors.
- e. Compare various sources of investment information (e.g., prospectuses, annual reports, financial publications, online information) and ways to buy/sell investments (e.g., full service and discount brokers, investment advisors, online brokers).

Objective 3

Compare savings and investments.

- a. Compare the risk, return, liquidity, and costs for savings and investments.
- b. Explain the effects of inflation on savings and investments.
- c. Describe the concept of the time value of money.
- d. Analyze the relationship between risk and return.
- e. Describe appropriate financial products for different financial goals (e.g., savings

accounts, stocks).

Objective 4

Analyze financial preparation for retirement.

- a. Relate financial resources needed for specific retirement activities and lifestyles.
- b. Compare the characteristics of retirement plans (e.g., individual, employer-sponsored, Social Security).
- c. Evaluate the role of individual responsibility in planning for retirement.
- d. Analyze the power of compound interest and the importance of starting early in implementing a financial plan for retirement.

Financial Literacy Lesson Plans

Designed by: Camie Sunderland
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Special Thanks to Ann Harbertson
from Viewmont High School for her contributions!

Use it, Modify it or Toss it!
Resource: <http://fefe.arizona.edu/>

Calendar for Financial Literacy 2007/2008

Term 1

Day	Date A-day/ B-day	Topic	What's Due? NO LATE WORK ACCEPTED!!!
1	August 29/30	Introduction/ Course Disclosure/ Supplies & Projects/ Getting to Know You Activity/ License Plates/ Financial Statistics Puzzle	PP (20)
2	August 31/ September 4	Pre-Test Unit 1 : Financial Planning, Goal Setting and Decision Making Unit Attitudes about Money/ Premature Affluence Needs vs. Wants/ Values	Signed Course Disclosure (25) Parent Consent Form (10)/ Calculator License Plate (15) Distribute Workbook & NEFFE Book PP (20)
3	September 5/6	Value Auction or Forced Values & Value Collage	PP (20)
4	September 7/10	Goals/Setting Financial Goals Long vs. Short Term Goals Life Cycle of Financial Planning	PP (20)
5	September 11/12	Introduction to Our City! Don't miss today@!!! Amortization Calculators	PP (20) Value Collage (100)
6	September 13/14	GFL Foldable Introduction to Stock Market Stock Market Vocabulary	PP (20) NEFE Reading Unit 1 pg 1-14
7	September 17/18	The Stock Market History and Terminology Prepare Presentations & Present	PP (20) Westridge Checks (30)
8	September 19/20	The Language of the Stock Market Reading a Stock Table Finish Stock Market Presentations Introduce Stock Market Game Computer Lab	PP (20) Stock Market Terms (62)
9	September 21/24	Pit or Stock Market Game Computer Lab	PP (20) Reading a Stock Table Quiz (20)
10	September 25/26	Advertising Impact of advertising/ Types of advertising	PP (20)
11	September 27/28	Personality Mosaic/Career Plans/ Career Research Paper Computer Lab	PP (20) NEFE Reading Unit 2 pg 14-24
12	October 1/2 Parent/ Teacher Conference	Investment in yourself/ Education vs. income Comparing job offers/Cost of living/Employee benefits/ Jobs I would like/dislike Explain Career Portfolio	PP (20) Career Research Paper (40) Must be typed! 1 st Stock Market Report Due (10)
13	October 3/4	Introduce Resume/ Cover letter/ Thank you letter Begin Working on Career Portfolio Computer Lab	PP (20) *Bring CD RW(20)
14	October 5/8	Work on Career Portfolio- Print 2 copies!!! Finish Language of Stock Market Computer Lab	PP (20)
15	October 9/10	Career Portfolio Trade Interview Etiquette/ Example Questions/ Professionally You Computer Lab	PP (20) Career Portfolio: Must save on CD-RW
16	October 11/12	Mr. Holland's Opus or Rudy Celebration Review	PP (20) Career Portfolio (75) 2 nd Stock Market Report Due (10)
17	October 15/16	UNIT 1 VALUE, GOAL, DECISION MAKING CELEBRATION If time, finish video	Financial Planning, Goal Setting and Decision Making Unit Celebration (105) PP (20)Unit 1 Packet (321)
18	October 17/18	Unit 2: Work and Money Unit Differences between Career and Job/ Different Forms of Income Understanding Paycheck and Taxes Gross vs. Net income	PP (20) Mr. Holland's Opus or Rudy Essay (35)
19	October 19/22	Taxes Tax forms How to fill out tax forms	PP (20)
20	October 23/24	Tax Simulation Computer Lab	PP (20) Tax Simulation (50)
21	October 25/26	Identity Theft Protecting your Identity	PP (20) 3 rd Stock Market Report Due (10) Term 1 Participation Points Due (400) Extra Credit Due (0)
22	October 31/November 1	Insurance Terminology & Definitions Insurance Types Medical- Automobile- Life- Disability Insurance Scramble	PP (20) NEFE Reading Unit 6 pg 73-84
		End of First Term ☺ You made it only 3 more to go...	

Term 2

Day	Date A-day/ B-day	Topic	What's Due? NO LATE WORK ACCEPTED!!!
23	November 2/6 Don't Forget to Vote	Role of Cultural, Social, and Emotional Influences Bankruptcy	PP (20)
24	November 7/8	What is Credit Advantages and Disadvantages of Credit Types of credit, 5 'c of Credit Risks and responsibilities	PP (20) NEFE Reading Unit 5 pg 59-72
25	November 9/12 Mrs. Sunderland's Birthday ☺	Selecting a Credit Card Understanding Schumer's Box Comparison Shopping for Credit Cards	PP (20) 4 th Stock Market Report Due (10)
26	November 13/14	Understanding Credit Reports Celebration Review	PP (20)
27	November 15/16	<u>UNIT 2 INSURANCE AND CREDIT CELEBRATION</u>	<u>Unit 2 Insurance and Credit Celebration (128)</u> PP (20) Unit 2 Work and Money Packet (313)PP (20)
28	November 19/20 Thanksgiving Break	<u>Unit 3: Money Management Unit</u> Group Juggle/ The Bean Game What is a budget?/Fixed and Variable Expenses Building your own budget What's what in banking? Financial Institutions	PP (20) Spending Plan Term Quiz (20) Stock Market Records (25)\ NEFE Reading Unit 3 pg 27-42
29	November 26/27	Financial Institutions Transaction Services/Charges, Fees, and other Costs You Can Bank On It Explanation and Work On Computer Lab	PP (20) Financial Institutions Quiz (30)
30	November 28/29	You Can Bank on It Presentations Reconciling a Checking Account	PP (20) You Can Bank on it Poster (100) Notes on Presentations (60) Reconciling a Checking Account (75)
31	November 30/ December 3	<u>Unit 4: Investment Unit</u> Savings vs. Investing Managing your Cash Investing is like...	PP (20) Unit 3 Money Management Packet (176) NEFE Reading Unit 4 pg 43-58
32	December 4/5	Time Value of Money Rule of 72 Types of Retirement Accounts/ Tax Deferred Accounts Children's Book Explanation	PP (20) Rule of 72 Quiz (20) Investing is like...(20)
33	December 6/7	Chad Foster Video OR Savings and Investing Guest Speaker	PP (20) Chad Foster Video Notes (15)
34	December 10/11 Parent/Teacher Conference	Work on Children's Savings Book and Brochure Computer Lab	PP (20)
35	December 12/13	<u>UNIT 3 & 4 FINANCIAL INST & INVESTING CELEBRATION</u> Stock Market Game Awards	PP (20) <u>Unit 3 & 4 Celebration (96)</u> PP (20) Unit 4 Investing Packet (102) Savings Children Book (150)
36	December 14/17	<u>Unit 5: Housing/ Automobile Unit</u> Buying vs. Renting/Mortgages/ Home Finances	PP (20)
37	December 18/19	Mortgage Guest Speaker OR Mortgages	PP (20) <u>Book Report Due (150)</u>
38	December 20/21	Buying vs. Leasing/ Car Loans Researching an Automobile/Shopping for an Automobile Computer Lab	PP (20)
WINTER BREAK- HAPPY HOLIDAYS ☺			
39	January 2/3	Consumer Protection Laws & Different Agencies Rights and Responsibilities of Buyers and Sellers Consumer Product Research Computer Lab	PP (20)
40	January 4/7	Finish Consumerism/Decision Making	PP (20)
41	January 8/9	Wise Shopping Practices Evaluating Convenience/ Unit Pricing/ Food Fight Article Final Study Guide	PP (20)
42	January 10/11	Store Brand vs. Name Brand	PP (20) NO LATE WORK ACCEPTED AFTER January 16 @ 2:45PM!!!
43	January 14/15	<u>UNIT 5 & Term End Comprehensive Final- DO NOT MISS!!</u>	PP (20) Shop Till You Drop (100) Unit 5 Housing, Auto, Consumer Packet (393) Westridge- Our Town Project Due (150)
44	January 16/17	Party! Evaluations/ Bind Books (Bring all 5 unit packets)	Financial Literacy Portfolio (100) Term End Participation Points Due!!! Life Savers (EX)
44	January 18	Clean and Celebrate!!	

*****Calendar & Points are Subject to Change*****

Calendar for Financial Literacy 2008

Term 3

Day	Date B-day/ A-Day	Topic	What's Due? NO LATE WORK ACCEPTED!!!
1	January 23/24	Introduction/ Course Disclosure/ Supplies & Projects/ Getting to Know You Activity/ License Plates/ Financial Statistics Puzzle	PP (20)
2	January 25/28	Pre-Test Unit 1 : Financial Planning, Goal Setting and Decision Making Unit Attitudes about Money/ Premature Affluence Needs vs. Wants/ Values	Signed Course Disclosure (25) Parent Consent Form (10)/ Calculator License Plate (15) Distribute Workbook & NEFFE Book PP (20)
3	January 29/30	Value Auction or Forced Values & Value Collage	PP (20)
4	January 31/ February 1	Goals/Setting Financial Goals Long vs. Short Term Goals Life Cycle of Financial Planning	PP (20)
5	February 4/5	Introduction to Our City! Don't miss today@!!! Amortization Calculators	PP (20) Value Collage (100)
6	February 6/7	GFL Foldable Introduction to Stock Market Stock Market Vocabulary	PP (20) NEFE Reading Unit 1 pg 1-14
7	February 8/11	The Stock Market History and Terminology Prepare Presentations & Present	PP (20) Westridge Checks (30)
8	February 12/13	The Language of the Stock Market Reading a Stock Table Finish Stock Market Presentations Introduce Stock Market Game Computer Lab	PP (20) Stock Market Terms (62)
9	February 14/15	Pit or Stock Market Game Computer Lab	PP (20) Reading a Stock Table Quiz (20)
10	February 19/20	Advertising Impact of advertising/ Types of advertising	PP (20)
11	February 21/22	Personality Mosaic/Career Plans/ Career Research Paper Computer Lab	PP (20) NEFE Reading Unit 2 pg 14-24
12	February 25/26	Investment in yourself/ Education vs. income Comparing job offers/Cost of living/Employee benefits/ Jobs I would like/dislike Explain Career Portfolio	PP (20) Career Research Paper (40) Must be typed! 1 st Stock Market Report Due (10)
13	February 27/28	Introduce Resume/ Cover letter/ Thank you letter Begin Working on Career Portfolio Computer Lab	PP (20) *Bring CD RW(20)
14	February 29/ March 3	Work on Career Portfolio- Print 2 copies!!! Finish Language of Stock Market Computer Lab	PP (20)
15	March 4/5	Career Portfolio Trade Interview Etiquette/ Example Questions/ Professionally You Computer Lab	PP (20) Career Portfolio: Must save on CD-RW
16	March 6/7	Mr. Holland's Opus or Rudy Celebration Review	PP (20) Career Portfolio (75) 2 nd Stock Market Report Due (10)
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18	March 12/13	Unit 2: Work and Money Unit Differences between Career and Job/ Different Forms of Income Understanding Paycheck and Taxes Gross vs. Net income	PP (20) Mr. Holland's Opus or Rudy Essay (35)
19	March 14/17	Taxes Tax forms How to fill out tax forms	PP (20)
20	March 18/19	Tax Simulation Computer Lab	PP (20) Tax Simulation (50) Term 3 Participation Points Due (400) Extra Credit Due (0)

Calendar & Points are Subject to Change

Term 4

Day	Date B-day/ A-Day	Topic	What's Due? NO LATE WORK ACCEPTED!!!
21	March 20/25	Identity Theft Protecting your Identity	PP (20) 3 rd Stock Market Report Due (10)
22	March 26/27	Insurance Terminology & Definitions Insurance Types Medical- Automobile- Life- Disability Insurance Scramble	PP (20) NEFE Reading Unit 6 pg 73-84
23	March 28/31	Role of Cultural, Social, and Emotional Influences Bankruptcy	PP (20)
24	April 1/2	What is Credit/Advantages and Disadvantages of Credit Types of credit, 5 'c of Credit/Risks and responsibilities	PP (20) NEFE Reading Unit 5 pg 59-72
25	April 3/4	Selecting a Credit Card Understanding Schumer's Box Comparison Shopping for Credit Cards	PP (20) 4 th Stock Market Report Due (10)
26	April 7/8	Understanding Credit Reports Celebration Review	PP (20)
27	April 9/10	<u>UNIT 2 INSURANCE AND CREDIT CELEBRATION</u>	<u>Unit 2 Insurance and Credit Celebration (128)</u> PP (20) Unit 2 Work and Money Packet (313)PP (20)
28	April 11/14	<u>Unit 3: Money Management Unit</u> Group Juggle/ The Bean Game What is a budget?/Fixed and Variable Expenses Building your own budget What's what in banking? Financial Institutions	PP (20) Spending Plan Term Quiz (20) Stock Market Records (25)\ NEFE Reading Unit 3 pg 27-42
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30	April 17/18	You Can Bank on It Presentations Reconciling a Checking Account	PP (20) You Can Bank on it Poster (100) Notes on Presentations (60) Reconciling a Checking Account (75)
31	April 21/22	<u>Unit 4: Investment Unit</u> Savings vs. Investing Managing your Cash Investing is like...	PP (20) Unit 3 Money Management Packet (176) NEFE Reading Unit 4 pg 43-58
32	April 23/24	Time Value of Money Rule of 72 Types of Retirement Accounts/ Tax Deferred Accounts Children's Book Explanation	PP (20) Rule of 72 Quiz (20) Investing is like...(20)
33	April 25/28	Chad Foster Video OR Savings and Investing Guest Speaker	PP (20) Chad Foster Video Notes (15)
34	April 29/30	Work on Children's Savings Book and Brochure/ Celebration Rev Computer Lab	PP (20)
35	May 1/2	<u>UNIT 3 & 4 FINANCIAL INST & INVESTING CELEBRATION</u> Stock Market Game Awards	PP (20) <u>Unit 3 & 4 Celebration (96)</u> PP (20) Unit 4 Investing Packet (102) Savings Children Book (150)
36	May 5/6	<u>Unit 5: Housing/ Automobile Unit</u> Buying vs. Renting/Mortgages/ Home Finances	PP (20)
37	May 7/8	Mortgage Guest Speaker OR Mortgages	PP (20) <u>Book Report Due (150)</u>
38	May 9/12	Buying vs. Leasing/ Car Loans Researching an Automobile/Shopping for an Automobile Computer Lab	PP (20)
39	May 13/14	Consumer Protection Laws & Different Agencies Rights and Responsibilities of Buyers and Sellers Consumer Product Research Computer Lab	PP (20)
40	May 15/16	Finish Consumerism/Decision Making	PP (20)
41	May 19/20	Wise Shopping Practices Evaluating Convenience/ Unit Pricing/ Food Fight Article Final Study Guide	PP (20)
42	May 21/22	Store Brand vs. Name Brand	PP (20) NO LATE WORK ACCEPTED AFTER May 23 @ 2:45PM!!!
43	May 23/27	<u>UNIT 5 & Term End Comprehensive Final- DO NOT MISS!!</u>	PP (20) Shop Till You Drop (100) Unit 5 Housing, Auto, Consumer Packet (393) Westridge- Our Town Project Due (150)
44	May 28/29	Party! Evaluations/ Bind Books (Bring all 5 unit packets)	Financial Literacy Portfolio (100) Term End Participation Points Due!!! Life Savers (EX)
45	May 30	Clean and Celebrate!! GRADUATION & CONGRATS!!! ☺	

Financial Literacy

Day: 1

Unit: Introduction

Topic: Introduction

Journal Question:

Explain Journals

Schedule:

- **Welcome**
- **Announcements**
- **Name Tags with Expectations on Back**
- **Course Disclosure/ Supplies**
- **Room Arrangement/ Buddy System**
- **Teacher Introduction**
- **Getting to Know You**
- **License Plate**

Lesson Plan:

- (5 min) Welcome/ Announcements
 - Introduce Class Subject and Double check Schedules
- (10 min) Name Tags with Expectations on Back
 - Fold hot dog style and write first and last initial with marker
 - Identify 5 expectations they have for course on back of name tag
- (30 min) Course Disclosure/ Supplies
 - Go through course disclosure and have student and parent sign
- (5 min) Room Arrangement/ Buddy System
 - Explain where everything is in the room and pick a buddy for absences, the buddy can take notes and get assignments
- (10 min) Teacher Introduction
 - Introduce myself, give ten questions to ask what they want to know as long as they are appropriate
- (20 min) Getting to Know You
 - Toilet paper
 - Bingo card
 - Find someone
 - Colored Treats
- (10 min) License Plate
 - On half sheet of paper have them write their name, top left corner the top three things they do in their spare time, top right corner, their favorite food, favorite animal, and favorite movie, bottom right corner and symbol or logo that represents them , bottom right corner something that describes them in ten years.

Materials or Supplies:

- **Course Disclosures**
- **Index Cards**
- **Markers/ Crayons**
- **Getting to Know You Color Charts**
- **Treats**
- **1/2 sheet of Cardstock**
- **Teacher Introduction Supplies (Paper bag)**

Financial Literacy

Day: 2

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Needs, Wants, Values

Journal Question:

What do you think is a value and what do you think you personally value?

Schedule:

- Welcome
- Announcements
- Journal
- Pre-Test
- Attitudes about Money/ Premature Affluence
- Needs vs. Wants
- Values

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out PARTICIPATION POINTS
- (30 min) Financial Literacy Pre-Test
 - Pass out Financial Literacy Pre-Test
 - Remind them it is only for extra credit- no stressing- it is a pre-assessment
 - Correct the Test when finished
- (10 min) Attitudes about Money
 - When finished with the test, have the students finish the sentences on Attitudes about Money in their packets
 - Premature Affluence- Too Much Too Soon
- (15 min) Need vs. Want
 - Need vs. Want Activity
 - Stand up and move from one side of the room to the other depending on whether I state a need or a want
 - Define a Need and Want
 - Emphasize that people typically do not go into debt for Needs, rather Wants even though it is simple to understand the difference.
- (35min) **Values**
 - I. *What is a value?*
 - a belief or feeling that something is worthwhile or important.
 - set by the age of 10 years old
 - very important for marriage (10 times more important than love)
 - war and death are the only things that change a person's value system.
 - Give me some examples of values . . . Education, Work, Cleanliness, Service, Sports . . . What is important in your family . . .
 - II. *What influences our value system?*
 - family
 - friends
 - media
 - others (boss, teacher, neighbor)

–religion (another reason same religion in marriage is important)

III. *Why determine your values?*

- better able to face new situations
- you understand yourself better
- better able to make good decisions and set realistic goals
- more confident
- less likely to make decisions based on peer pressure
- more self respect when you follow your value system

IV. *How we spend our **TIME** and **MONEY** determines what we value.*

List 10 things you love to do

- put a star by the five most important
- write a \$ besides those activities that cost money to do them
- put a W besides those activities you do once a week
- put a CH next to those you hope your children will have on their list
- beside each activity write how long it has been since you did the activity.

Sometimes we think we value something but our actions show we don't.

If time, Story: It's Okay Son, Everybody Does It

It's O.K. Son, Everybody Does It

When Johnny was six years old, he was with his father when they were caught speeding. His father handed the officer a 20 dollar bill with his driver's license. "It's O.K. son," his father said as they drove off. "Everybody does it."

When he was eight, he was permitted at a family meeting, presided over by Uncle George, on the surest means to shave points off the income tax return. "It's O.K. Kid," his uncle said. "Everybody does it."

When he was nine, his mother took him to his first theater production. The box office man couldn't find any seats until mother discovered some extra money in her purse. "It's O.K. Son," she said. "Everybody does it."

When he was twelve, he broke his glasses on the way to school. His Aunt Francine persuaded the insurance company that they had been stolen. "It's O.K. Kid," she said. "Everybody does it."

When he was fifteen, he made right guard on the high school football team. His coach showed him how to block and at the same time grab the opposing end by the shirt so the official couldn't see it. "It's O.K. Kid," the coach said. "Everybody does it."

When he was sixteen, he got his first summer job at the grocery store. His assignment was to put the over-ripe tomatoes on the bottom of the box and the good ones on the top where they would show. "It's O.K., Kid," the manager said. "Everybody does it."

When he was eighteen, Johnny and a neighbor applied for a college scholarship. Johnny was a marginal student. His neighbor was in the upper 3 percent of his class, but he couldn't play right guard. Johnny got the scholarship. "It's O.K.," they told him. "Everybody does it."

When he was nineteen, he was approached by an upper classman who offered the test answers for money. "It's O.K., Kid," he said. "Everybody does it."

Johnny was caught and sent home in disgrace. "How could you do this to your mother and me?" his father said. "You never learned anything like this at home." His aunt and uncle were also shocked. If there is one thing the adult world can't stand, it's a kid who cheats.

Modeling is the strongest way that values are taught.

Financial Literacy

Day: 3

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Value

Journal Question:

Define the following? A) Value B) Need C) Want

Schedule:

- Welcome
- Announcements
- Journal
- Values
- Value Auction OR Forced Value Test
- Value Collage

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (5 min) Stand Up for Your Values

Many people think they are sure of their personal value system. However, when people are put on the spot, they sometimes forget about their values and choose to go with the crowd. As I read a statement, if it is an agreement with your values, stand up. If not remain seated. Please be respectful of each other's opinions.

 1. It is important to have a high school diploma.
 2. Girls have as much responsibility to ask guys on dates as guys have to ask girls on dates.
 3. Some of the best nurses and secretaries are men.
 4. College is the best thing to do after high school.
 5. Having a job that you like is more important than how much money you make.
 6. Women are equal with men in most things.
 7. It is nice for a man to hold the door open for a woman.
 8. Steady dating limits the number of friendships you develop.
 9. It's okay for girls to cry in order to get what they want.
 10. Parents usually understand, if you give them a chance.
 11. It is important to get good grades in school.
- (5 min) Review Values and Definitions
- (35 min) Forced Values Test or Value Auction
- (Rest of Class) Value Collage
 - Explain Value Collage and show examples

Directions:

- Create a collage to represent personal values, goals, need and wants.
- The Collage can be made from the following materials: magazines, photographs, pictures, articles, writings, poems, stories, quotes, drawings, cartoons.
- Construction paper will be provided, but you are welcome to think outside the box and use something 3Dimensional.

The collage should include the following elements. Each item has to be labeled as the intended element.

- a. Full name

- b. Five values
- c. A personal short-term goal
- d. A personal long-term goal
- e. Five wants
- f. Five needs

On the back of the collage, write a short but correct sentence explaining each of the elements.

Be creative; put some thought into this assignment. It is worth lots of points so make it neat and worth it. It is not something that can just be thrown together. Remember to make it something that truly represents you.

- If time, allow students to work on it

Forced Choice Values Test

Please rank the following values in order of importance to you. One being the most important to twelve being the least important.

Rank

- _____ 1. Security. To be reasonably sure about the future for myself.
- _____ 2. Influence. To have influence with people.
- _____ 3. Recognition. To have people think well of me.
- _____ 4. Helpfulness. To do things for my family and others.
- _____ 5. Freedom. To have as much freedom as possible.
- _____ 6. New Experience. To do new and different things often.
- _____ 7. Friendliness. To have friends.
- _____ 8. Family Life. To have a satisfying family relationship.
- _____ 9. Religion. To do what is right according to my beliefs.
- _____ 10. Orderliness. To have things neat and organized.
- _____ 11. Wealth. To have as many good things as possible.
- _____ 12. Workmanship. To do things well. Value Auction Activity

OR Value Auction

Each person will receive \$1,000 of play money. You can buy any item on the auction sheet. You must use all of your money. If you don't buy an item on the sheet you must purchase a box at the end of the auction.

When you have bought an item, that money is gone from your budget. If you bid and do not get the item, the money you budgeted can be taken and used on another item of your choice.

Discussion Questions:

- 1. Consider the \$1,000 as representing your life. It is the total amount of time, energy, strength, that you have available for investing in your values. How did you do?
- 2. Did you hold back on the auction and spend all your money on something unknown? Do you do that in life?
- 3. Did you constantly stop short of getting a value item you wanted because you were reluctant to take a risk? Then you ended up with nothing to show for your life?
- 4. Did you bargain bid and spread yourself so thin that you ran out of resources later, on a more valued item?
- 5. Did you stick closely with the amount budgeted?

Value Auction

Item	My Bid	Sold For	Sold To
To Travel Around The World			
To Never Be Sick			
To Be Extremely Smart			
To Be a Famous Sports Star			
To Be Beautiful			
To Be President of the United States			
To Have A Great Looking Body			
To Be a School Teacher			
To Graduate From a Famous College			
To Help Underprivileged Children			
To Be A Doctor			
To Be A Successful Politician			
To Raise Happy/Successful Kids			
To Be A Successful Artist			
To Live A Long Life			
To Own Whatever Car I Would Like			
To Marry A Good Looking Person			
To Have A Successful Business			
To Live In A Beautiful House			
To Be Liked By Everyone			
To Be A Famous Movie Star			
To Have A Great Relationship With My Parents			
To Have A Lot Of Close Friends			
To Be Happy In Life			
To Be A Millionaire			

Materials or Supplies:

- Value Auction Money
- Value Auction Cards
- Value Collage Examples
- Paper
- Scissors
- Glue
- Magazines

Financial Literacy

Day: 4

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Goals and Life Cycle of Financial Planning

Journal Question:

What is a goal?

Schedule:

- Welcome
- Announcements
- Journal
- Goals
- SMART Financial Goals
- Life Cycle of Financial Planning

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
 - (85 min) **Goals**
- I. Introduction: Think of someone you think is successful. What does it mean to be successful? What characteristics do these people have?
 - set goals
 - positive attitude
 - positive self esteem
 - gets along well with people
 - keeps trying even though they fail
 - committed
 - hardworking
 - overcomes obstacles
 - II. Examples of Successful People

Louisa May Alcott—told by an editor she could never write anything with popular appeal.

Thomas Edison—told by his first grade teacher that he was too stupid to learn and mother withdrew him after three months in school. He said, "I haven't failed. I've just found 5,000 ways that won't work.

Beethoven—was told by his music teacher that he was hopeless as a composer.

Walt Disney—was fired by a newspaper editor because he had no good ideas.

Mark Twain, Charles Dickens, Claude Monet—never finished grade school.

Babe Ruth hit 714 home runs, but he also struck out 1,330 times.

Tom Cruise, Bruce Jenner, Cher—all had learning disabilities.

Abraham Lincoln—He failed in business in 31; he was defeated for the legislature in 32. He failed again at business in 33, and he was elected to the legislature in 34. He ran for speaker in 38 and lost; he ran for a place in the Electoral College in

40 and lost; he ran for congress in 43 and lost. In 46 he was elected to Congress; but in 48 he was defeated. In 55 he ran for the Senate and lost; he was defeated for Vice President in 56; and he lost another Senate election in 58. Not much of a record, it is? Who would blame a fellow for giving up after all that? Nobody. Nobody because nobody would ever have heard of him. If he had not pushed ahead, if he had not entered another election, if he had not tried again, nobody would have cared. But he did run again and in 1860 Abraham Lincoln was elected president of the United States. His dream came true because he wouldn't quit.

IV. Goal Setting Terms

1. Long Term Goal—takes years to achieve. Gives a sense of direction.
(Happy Marriage, Being Educated)
2. Intermediate Goals—stepping stone to long term goals
(Getting Married, Graduating from College)
3. Short Term Goal—goals that can be reached within a year
(New Years Resolutions—get a date, pass your class)
4. Incidental Goals—minor in importance, things you do every day.
(Flirt, go to class . . .)

V. Optional Activity: Mind Power (Activities That Teach)

Discussion:

1. How many were able to make the washer follow my commands?
2. What made it difficult to accomplish?
3. How many of you talk to yourself?
4. What kind of things do you say to yourself?
5. What is more important, what others say about us or what we say about ourselves?

If you can dream it you can achieve it . . .

VI. Financial Goals

The first step in financial planning is to set some financial goals. These goals should include the following elements:

1. **Specific.** State exactly what is to be done with the money involved.
Example: I plan to save for a down payment on a new car.
2. **Measurable.** To make a goal measurable, write the exact dollar amount the goal is for.
Example: I plan to save \$5,000 for a down payment on a new car.
3. **Attainable.** To make a goal attainable, determine how the goal can be reached, which is often determined by an individual's budget.
Example: I plan to save \$5,000 for a down payment on a new car by saving \$200 from every pay check.
4. **Be realistic.** Do not set the goal for something unattainable or realistic. If a person is working and barely meeting their immediate needs, saving \$5,000 for a new car is not something they can afford.
5. **Time Bound.** To make the goal time bound, specifically state when the goal need to be reached. This is influenced by how attainable the goal is. You would have to save for about 2 years to reach \$5,000.

Final Goal Statement: I plan to save \$5,000 for a down payment on a new car by saving \$200 from every paycheck for two years.

Overhead: What is Missing

1. Attainable 2. Measurable 3. Specific 4. Time Bound 5. Realistic

VI. S.M.A.R.T Goal Assignment (Performance Assignment)

Identify two personal goals and one financial goal using all 5 elements of the Smart Goal Setting Process. One must be a short term goal which means you could accomplish it during the school year. One must be a long term goal and the other goal can be your choice.

VII. Life Cycle of Financial Planning

- Using the Overheads, go through the three different phases of financial planning
 - Wealth Protection
 - Wealth Accumulation
 - Wealth Distribution
- Talk about the Financial Risk Pyramid and how it ties to financial Planning
- Use the age group posters hanging around the room to have students brainstorm what their needs would be at that age and what they would need to plan for during that age. Discuss results.

Materials or Supplies:

- Overheads
- Smart Signs
- Age Group Posters
- Dry Erase Markers
- Paper Towel to erase
- Tape

Financial Literacy

Day: 5

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Our City

Journal Question:

What is the difference between a long term goal and a short term goal?

Schedule:

- Welcome
- Announcements
- Journal
- Binder Check
- Correct Smart Goals Assignment
- Westridge Introduction
 - Introduction to city – need calculator
 - Pick
 - 1st occupation
 - 2nd Family Scenario
 - Budget Income
 - 3rd Purchase Home
 - Explain Briefly on Insurance
 - 4th Health insurance
 - 5th Homeowners insurance
 - 6th Auto insurance
 - Explain chance card log
 - Create Checks
 - Examples
- Value Collage Due

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (85 min) Introduce City of Westridge

Fill in information according to your cards you will be receiving

Occupation Income:

Occupation: _____ My Annual Income: _____

Annual income _____ / 12 = Monthly Income _____

Gross Monthly Income: _____ - Taxes (24%) (Income _____ X .24) _____

= Net Monthly Income _____

Family Scenario:

Marital Status: Married or Single

Husband Age: _____ Wife Age: _____ Married for: _____ years

Children:

Gender	Age	Name	Gender	Age	Name

Home/Apartment:

Address: _____ Westridge City, UT 84015

Square Footage: _____ Bedrooms: _____ Bathrooms: _____ Acres: _____

House Price: \$ _____ Monthly House Payment: \$ _____

Insurance:

O Homeowners:

Producer: _____ Policy #: _____

Rating: _____ Annual Premium: \$ _____ Monthly Premium: \$ _____

Deductible: \$ _____ Coverage: _____

O Automobile:

Producer: _____ Policy # _____ Type: Liability or Comprehensive

Annual Premium: \$ _____ Monthly Premium: \$ _____

Deductible: \$ _____

O Health:

Producer: _____ Policy #: _____

Plan Name: _____

Monthly Premium: \$ _____ Deductible: \$ _____ Co-Insurance: \$ _____

Primary Care Provider Co-Pay: \$ _____ Specialty Care Provider Co-Pay: \$ _____

Max Out of Pocket: \$ _____

Materials or Supplies:

- ☐ Overheads
- ☐ Westridge Cards
 - ☐ Occupations
 - ☐ House
 - ☐ Family Scenarios

Financial Literacy

Day: Optional 5

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Introduction to Stock Market

Journal Question:

What is the stock market?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Binder Check**
- **Correct Smart Goals Assignment**
- **Stock Market Vocabulary**
- **Language of the Stock Market Lecture**
- **Value Collage Due**

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (15 min) Correct Smart Goals Assignment
- (25 min) Go through Stock Market Vocabulary
- (45 min) Language of the Stock Market Lecture
 - Using the PowerPoint go through the Language of the Stock Market and have students take notes

Materials or Supplies:

Financial Literacy

Day: 6

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Our City Review, Introduction to Stock Market

Journal Question:

NEFE Unit 1 pg 1-14 Quiz

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Explain Chance Card Log and Amortization**
- **GFL Foldable**
- **Introduction to Stock Market Vocabulary**
- **Begin on Stock market Presentations**

Our City Westridge:

Explain:

- Chance Card Log
- Amortization

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (15 min) Explain Chance Card Log and Amortization for Westridge
- (45 min) General Financial Literacy Foldable
 - Refer to Instructions and Example
 - Will be filled out throughout the entire semester- can possibly be used on the celebrations- up to teacher's discretion.
- (Rest of Class) Stock Market Vocabulary and Introduction

Materials or Supplies:

- GFL Foldable Supplies
- Glue Sticks
- Scissors
- Stock Market Vocabulary

Financial Literacy

Day: Optional 6

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Stock Market

Journal Question:

What is a) Amortization b) P, I and N c) the two parts of a loan

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Westridge Checks / Binder**
- **Review Stock Market Terms**
- **Stock Market Term Quiz**
- **Stock Market Article**
- **Notes / Presentations Develop**

Our City Westridge:

Remember to complete checks!

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (10 min) Quick Binder and Westridge Checks Check
- (10 min) Review Stock Market Terms
- (30 min) Stock Market Term Quiz
- Stock Market Article by NASDAQ OR
- Language of the Stock Market Power Point Presentation with Note guide
- (Rest of Class) Prepare Stock Market Article Presentations to Present Next time in class

Materials or Supplies:

- Posters
- Markers
- Language of Stock Market Article
- NASDAQ Stock Market Article

Financial Literacy

Day: 7

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Stock Market

Journal Question:

Quiz – Introduction to Personal Finance # 1-10

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Westridge**
- **Finish Preparing Stock Market Presentations**
- **Stock Market Presentations**

Our City Westridge:

Checks Due

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (10 min) Westridge
- (15 min) Finish Preparing Stock Market Presentations
- Stock Market Presentations- (2-3 minutes each) OR
- Finish Language of the Stock Market Power Point Presentation with Note guide
- (Rest of Class) Prepare Stock Market Article Presentations to Present Next time in class

Materials or Supplies:

- **Posters for Groups**
- **Stock Market Articles**

Financial Literacy

Day: 8

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Stock Market

Journal Question:

A Stock Market IQ Quiz

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Finish group presentations**
- **A Stock Market IQ Quiz**
- **Introduce Parent Companies with Cards**
- **How to Read a Stock Table**
- **Introduce Stock Market Game**
- **Computer Lab**

Our City Westridge:

1st Pay Day! Net Monthly Income Deposited

1st Mortgage/ Rent

1st Homeowner's Insurance

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (15 min) Finish Stock Market Presentations
- (15 min) Introduce Parent Companies with Cards
 - Have parent companies hanging around the room
 - Deliver Cards to students as they walk in
 - Have students identify what parent company their company belongs to
 - Explain that is how you buy stock, it is typically parent companies you need to look for.
- (15 min) How to read a Stock Table pages 29 and 30 in Unit 1 packet
 - Go through the different definitions of stocks and what to look for when purchasing stock
 - Use the newspaper clipping to help answer the questions from the stock table
 - KEY THINGS TO REMEMBER TO TALK ABOUT:
 - Explain Stock Market Print out
 - Yahoo – Finance
 - Know Ticker Symbol
 - 1.23, NYSE
 - 2.3, AME4
 - 4 NASDAQ
 - Look at Share price

- Look at 52 wk range
- P/E ratio
 - 8-10 stable
 - 15-25 Growing
 - 30-40 Speculative

○

- (Rest of Class) Introduce Stock Market Game and Instructions

Step 1: Go to www.bankhs.com

Step 2: click on Students in the top right corner

Step 3: click on Try our New Stock Market Simulator

On the right hand side click on register now.

Under name: put your period first, the first initial, then full last name.

Example. 3CSunderland

Your Period: _____ First Initial: _____ Last Name: _____

Enter it in, and then click on register. You will then be given a log in.

MAKE SURE AND WRITE THEM DOWN AS YOU WILL NOT BE ABLE TO RETRIEVE THEM!!!

Write Down the Following Right NOW!!!

Account # _____ **ex. US731537**

Password: _____ **ex. 2503**

Step 6: Purchase at least 8 different stocks.

1st Pick a company you want to invest in

2nd Look up ticker symbol- you can look up commonly used ticker symbols on the right side of bankhs

3rd Research the stock to see if it is a good move

4th Purchase the stock- give at least a day to have it load and show purchased

To Purchase the stock:

- Select a "What type of trade will this be?" *Most of the time you will buy to open or increase a long position.
- Select the number of shares you want to buy *At least 100 shares
- Enter the Ticker Symbol that you looked up.
- Click Preview
- On the next screen click Place Order and write down the confirmation number

You will be required to print off your account summary on the following dates.

Dates to make sure and print off the report:

1st _____

2nd _____

3rd _____

4th _____

Summary and Final Report Due _____

You must also include your account ranking, which has your ranking number and the total equity in the account.

The purpose of this game is to practice buying and selling stocks as well as watch your stocks gain or loose over the course of two months.

The person ranked the highest in the class will receive 1st place prize, award and certificate. There will also be a 2nd and 3rd place winners. Good Luck!!!

- Go to Computer Lab so students can register and begin buying stock.

Materials or Supplies:

Parent Companies and Cards

Overheads

PowerPoint

Financial Literacy

Day: 9

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Stock Market Review

Journal Question:

List and describe three different types of stocks.

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Finish Stock Market**
- **Pit or Computer Lab**

Our City Westridge:

5th Health Insurance

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (15 min) Finish Stock Market
 - Review terms
 - Finish anything else that needs to be covered
- (Rest of Class) Pit
 - Play Game of Pit
 - Have students fill out questionnaire as they play the game

Materials or Supplies:

- Pit

Financial Literacy

Day: 10

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Advertising

Journal Question:

Reading the Financial Page Quiz

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Correct Quiz on Reading Financial Page**
- **Advertising**
 - **Slogans**
 - **Media Quiz**
 - **Notes**
- **Article Evaluation**
- **Design Your Product**

Our City Westridge:

Chance Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- Assign students to take personality mosaic test for homework and explain how to score it and record it
- (15 min) Advertising
 - I. Introduction: Have students Take Media Quiz then go through answers as a class
 1. What percentage of American children have television sets in their bedrooms?
 - A. 15%
 - B. 25%
 - C. 40%
 - D. 65%

Answer: D. Children who have a TV in their bedrooms watch an average of 5 ½ hours more per week than children who do not.
 2. The average American seventh grader
 - A. watches 3 hours of TV per day.
 - B. Listens to three hours of music per day
 - C. Surfs the internet and communicates via e-mail three hours per day.
 - D. Plays video games three hours per day.

Answer: A. The average U.S. child will have spent seven to ten years watching television during their lifetime.

3. Excessive TV viewing has been linked to
 - A. Nearsighted vision
 - B. Obesity
 - C. Attention Deficit Disorder
 - D. Fine Motor Skill Impairment

Answer: B

No studies have conclusively demonstrated a link between TV viewing and attention deficit disorder, although research in this area continues. Excessive TV viewing has been linked to obesity, and may lead to decreased school achievement, poor body image, increased aggression, and increased risk of substance abuse.

4. By age 18, the average U.S. child's TV viewing has included 16,000 of these:
 - A. Beer Commercials
 - B. Sexually Explicit Scenes
 - C. Murders
 - D. Infomercials

Answer: C. Not just 16,000 murders, but over 200,000 acts of violence.

5. In the top 20 TV shows among teen viewers, the average number of scenes per hour with sexual content is:
 - a. 1 scene per hour
 - b. 3 scenes per hour
 - c. 5 scenes per hour
 - d. 6 scenes per hour

Answer: C

You are bombarded with advertising – 1500 messages a day. How well do you know the following products and their slogans.

➤ Using Note guide sheets and overheads go through the following:

II. Three Categories of Advertising

- A. Periodical—ad found in newspapers, magazines, and directories
Examples: supermarket, furniture stores, classified ads
- B. Mass—T.V., and radio, billboard ads on buses, store windows, internet.
- C. Direct—select group of potential buyers through the mail.
Examples: letters, catalogs, calendars, e-mail

III. Advertising Techniques (Show examples of laminated advertisements)

- A. Status/Success. You have made it if you use this product.
(Successful business man, drives nice car, lives in an expensive house)
- B. Hero Endorsement. If you use the product you will become like the well known person. (Michael Jordan, Brittany Spears)
- C. Sex Appeal. Members of the opposite sex will fight over you.
(Gum, Perfume, Hair Products, Nair)
- D. Entertainment. Associates the product with something you enjoy.
(Beach, Parties, Mountains)
- E. Testimonial. Weight Loss is most popular.

IV. Gimmicks and Tricks

- A. Bait and Switch. Most widely used. Designed to get you into the store by advertising area bargain. You find it isn't available and then they try and sale you a higher priced item.
- B. Negative Option. Books and CD Clubs. They send you products and if you don't send them back within a short period of time you have to purchase them.
- C. Supermarket Specials. Place items at the end of the aisle, want you to come into the store often because you will buy more.

D. Scientific/Numerical Claims. 4 out of 5 dentists, or PH Balance. Sound good but difficult to prove.

V. Evaluating Advertising

- A. Beware of Unreasonable Claims
- B. Read the Fine Print
- C. Report False Advertising to BBB or FTC (Federal Trade Commission)

- (10 min) Advertising Quiz: Have the Students take the advertising test, remind them that this is the one time it will pay in school to have watched television ☺

ADVERTISING –KEY

One test of successful marketing is how well consumers remember and recognize product slogans. See if you can match the following slogans with the company or product.

- | | |
|--|----------------------|
| 1.Eat great even late –C | a. Ford |
| 2.Hot eats cool treats-X | b. Masseys |
| 3.Neat stuff neat store-R | c. Wendy's |
| 4.A diamond is forever-B | d. Dodge |
| 5.Built tough-A | e. Coca Cola |
| 6.Like a rock-S | f. Pringles |
| 7.Like a good neighbor-V | g. Carl's Jr. |
| 8.Its everywhere you want to be-N | h. Eyeglasses |
| 9.I want my baby back-l | i. Chilis |
| 10.When you need it fast-M | j. Smiths |
| 11.Always-E | k. Big Red |
| 12.Market fresh everyday-J | l. All state |
| 13.Once you pop the fun don't stop-F | m. Quick Loan |
| 14.It looks good on you-K | n. Visa |
| 15.Double your pleasure double your fun-W | o. MasterCard |
| 16.We love to see you smile-Q | p. Albertsons |
| 17.Some things are priceless for everything else-O | q. McDonalds |
| 18.Don't bother me I'm eating-G | r. Shop Ko |
| 19.America's Best-H | s. Chevrolet |
| 20.It's your store-P | t. Murdock Chevrolet |
| 21.UR the heart of our business-T | u. Rice-a-roni |
| 22.You're in good hands-L | v. State Farm |
| 23.The San Francisco Treat-U | w. Doublemint Gum |
| 24. Different-D | x. Dairy Queen |

- (Rest of Class) Advertising Product
- Have the students design a product out of play dough and create an advertisement for this product on an 8X11 sheet of paper from their advertising firm
 - The goal is to be the most popular and creative product
 - We will have a class vote on this, be creative, catchy, and professional

Materials or Supplies:

- Advertisements
- Play dough
- Markers
- Paper

Financial Literacy

Day: 11

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Careers

Journal Question:

NEFE Unit 2 Quiz Pg 14-24

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Interpreting Personality Mosaic**
- **Pick Career**
- **Computer Lab Career Research**

Our City Westridge:

Groceries

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (15 min) Interpreting Personality Mosaic Test that they took as homework
- OR Personality Mosaic Test
 - Page 25-28 in Unit 1 packet
 - Explain how to score the test using page 39 "Scoring Answers for the Personality Mosaic Test" in Unit 1 packet
 - Complete the "Personality Mosaic Career Options" on page 40 in Unit 1 packet
 - Have the students pick a career that they found from the result or one that is of interest to them
- (Rest of class) Computer Lab: Career Research Project

Use the information from the Bureau of Labor Statistics Occupational Outlook Handbook Web site to research information about a chosen career. To access it, go to the BLS Web site at <http://www.bls.gov>, find "Occupations" on the left side, and selection "Occupational Outlook Handbook. Type up each question with your answers.

CAREER: Pick Career from your personality mosaic test, remember you will also be catering a cover letter, resume, and thank you letter to this career

SALARY:

1. What is the range for median (average) annual earnings? (1)
2. Identify two factors which could affect earnings. (2)
For example, a teacher can boost his/her salary by earning a master's degree.
- 1.
- 2.

EDUCATIONAL REQUIREMENTS:

3. What kind and how much education is needed for this career? (2)
4. Are any special licenses or certifications required to work in this field? If so what are they and what is required to earn them? (2)
5. Is there any opportunity for advancement within this career? If so, what and how? (2)
6. What are two personal characteristics or abilities required for an individual to work in this career area? (2)
For example, a teacher must have excellent communication skills.
 - 1.
 - 2.

JOB DESCRIPTION:

7. Identify five tasks a person in this career would perform in day-to day activities. (5)

WORKING CONDITIONS:

8. Identify at least three different working condition characteristics of this career? (3)
For Example, a dentist works four to five days per week and sometimes evenings and weekends.
 - 1.
 - 2.
 - 3.

OCCUPATIONAL OUTLOOK:

9. What are the current employment statistics about this job? (1)
10. What does the job outlook project job openings will be in the future? What justification does the job outlook have when projecting its findings? (2)

RELATED CAREER:

11. Identify at least one related career. (1)

ESSAY:

12. Do you think this would be a good career for you? Explain why or why not. (7)

Materials or Supplies:

Financial Literacy

Day: 12

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Careers

Journal Question:

What is the difference between a Career and Job?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Bring CD-RW next time**
- **End of Rainbow**
- **Job Outlook**
- **Traits of Successful Workers**
- **Definitions**
- **Cost of Living**
- **Developing Career Portfolio**

Our City Westridge:

15th Power Bill

15th Auto Payment

20th Gas Bill

20th Automobile Insurance

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS & **Bring CD-RW NEXT TIME!!!**
- (15 min) Introduction: End of the Rainbow Activity and Investment in Yourself

Invest in Yourself Discussion: (You can use jelly beans or the laminated cards in the envelope)

Ask students to stand up. Everyone standing represents the people who start high school. This activity will show the different paths people can choose during their lifetime and different results.

Ask the following students to be seated:

Orange (6)

These people represent 19.6% of the U.S. population who did not graduate from high school or earn a GED. On average, they earn \$16, 234 per year.

Red (8)

These people represent 28.6% of the U.S. population who graduated from high school and earned a GED. On average, they earn 24,885 per year.

Green (6)

These people represent 21.0% of the U.S. population who dropped out of college without finishing a degree. On average, they earn \$28,264 per year which is only a little more than high school graduates.

Yellow (3)

These people represent 6.3% of the U.S. population who received their associate degree. On average, they earn \$33,644 per year.

White (6)

These people represent 15.5% of the U.S. population who completed their bachelor's degree. On average, they earn \$48,892 per year, which is almost twice what high school graduates earn.

Black (3)

These people represent 8.9% of the U.S. population who have completed their graduate or professional degree. On average, the master's degree earns \$63,205 per year, the doctorate degree earns \$86,036 per year. Those who receive a doctor or lawyer degree earn almost twice what a bachelor's degree earns.

- (10 min) Job Outlooks (Overheads)
- (10 min) Traits of Successful Workers
 - Briefly go through some traits of successful workers
- (10 min) Job Offer Checklist
 - Go through the definitions using the overheads on page 46 in the Unit 1 packet
- (25 min) Cost of Living
 - Explain the cost of living equation and using the cost of living index
 - Go through cost of living equation practice on page 49 in Unit 1 packet
 - Have students work on comparing job offers on page 47-48 in Unit 1 packet
- (If time) Jobs I like or dislike
 - On a piece of paper, divide into two sections
 - On one column, make a list of jobs that they would like to do
 - On the second column, make a list of jobs that they would dislike to do
 - Alternate, use classified ads with job descriptions and have the students physically cut out 2-3 help wanted ads that they would like to do and not like to do.

Materials or Supplies:

- **Jelly Beans or Laminated Cards**
- **Overheads**

Financial Literacy

Day: 13

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Career Portfolio

Journal Question:

What does investing in yourself mean?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Check for CD-RW**
- **Review career portfolio – CD-RW**
 - **Cover letter**
 - **Resume**
 - **Thank you**
- **Computer Lab**

Our City Westridge:

1st Pay Day! Net Monthly Income Deposited

1st Mortgage/ Rent

1st Homeowner's Insurance

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS & **Bring CD-RW NEXT TIME!!!**
- (10 min) Check for CD-RW
Have students label their CD called "Career Portfolio, Your Name, Period"
- (30 min) Explain Cover letters, Resume, Thank you letters
 - Go through the different types of resumes
 - Explain you have 30 seconds with resumes
 - Formats for Cover letters & Thank you

Explanation of Career Portfolio

Instructions: You will be creating a cover letter, resume, and thank you letter on a CD-RW so that you can access and alter at anytime you want.

A couple of important things to remember:

- ✓ Please save the document in Microsoft word as "YourNameCareerPortfolio.doc"

- ✓ You will also need to print out 2 copies of each (the cover letter, resume, and thank you letter). Please paperclip the 2 copies together in a set. These copies are due on: _____
- ✓ You will be turning in one set with your CD-RW. Please label your CD-RW "Career Portfolio" Your Name, Period with permanent marker on the actual CD as well as on the cover of the CD.
- ✓ Please use the resources I have given you to develop an effective resume.
- ✓ Put some time and effort into this. Have people proofread it, modify it, and give suggestions.
- ✓ Remember to always use ACTION WORDS!!!
- ✓ Resume should be done in the functional format
- (Rest of Class) Work on Rough Draft
 - Hand out Career Portfolio Booklets to help students begin working on their portfolio
 - Work on Level I Resume Worksheet on page 53-55 in Unit 1 Packet

Materials or Supplies:

- **CD-RW's for the class**
- **Career Portfolio Booklets with Examples**
- **Overheads**

Financial Literacy

Day: 14

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Careers

Journal Question:

What do you think are some qualities of successful employees?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Computer lab – 5th floor**
 - **Work on cover letter, resume, and than you**
- **Language of Stock Market (if needed)**

Our City Westridge:

5th Health Insurance

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS & **Bring CD-RW NEXT TIME!!!**
- (10 min) Review Instructions for Career Portfolio
 - Save everything on your "H" Drive under "YournameCareerPortfolio.doc"
 - Have students label their CD called "Career Portfolio, Your Name, Period"
- (30 min) Go to the Computer Lab
 - Complete a Cover letter, Resume, Thank you using the provided booklet and template
 - Save on H drive
 - Print off two copies of everything!
- (0 min) Language of Stock Market
 - Read pgs 22-28 answer 19-21 in your Unit 1 packet

Materials or Supplies:

Financial Literacy

Day: 15

Unit: 1 Financial Planning, Goal, Decision Making

Topic:

Journal Question:

What is the P/E ratio for:

a) Stable Companies (7-10)

b) Growing Companies (15-25)

c) Speculative Companies (40-50)

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Correct Language of Stock Market**
- **Resume Trade**
- **Interview Tips**
- **Professionally you**

Our City Westridge:

Chance Card/ Expense Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (10 min) Correct Language of Stock Market
- (20 min) Interview Tips
 - Refer to page 60 in your packet on things to do before, during and after the interview
 - Go through possible common interview questions on page 62 in your Unit 1 packet
- (30 min) Resume Trade
 - 1st Format- trade with table partner, fix according to format
 - 2nd Spelling- trade with row in front, fix according to spelling and add actions words

Resume Tips

- Keep 1" Margins all the way
- Do not use weird font- stick with (Helvetica, Times, Arial)
- Don't abbreviate
- Make it look good---spacing is huge!
- Keep it consistent!!!

Your Name
Address
City, State, Zip Code
Phone Number – Email Address

Objective

Education

High School Diploma, Bountiful High School, Bountiful, Utah, June 2008
Course Work:

Work History

Food Service Worker, McDonald's, Bountiful, Utah, May 2005- April 2007
Responsibilities:

Skills

- Organized
 - Give action words and supporting detail.
- Work Ethic
- Leadership
- Customer Service

Awards

Volunteer Work

References

Available upon request

- (Rest of Class) Computer Lab
 - Fix the corrections from peers on your career portfolio which is saved on your "H" drive
 - Once they are fixed, burn on your CD-RW and PRINT off one copy of the entire Career Portfolio
- (Rest of Class) Professionally You
 - Using the Professionally You Booklet, answer the questions on page 59 in your Unit 1 packet

Materials or Supplies:

- **Red Pens**
- **Computer Lab**
- **Professionally You Booklet**

Financial Literacy

Day: 16

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Careers

Journal Question:

List three things you have learned during Unit 1.

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Correct Language of Stock Market(if needed)**
- **Mr. Holland's Opus or Rudy**
- **Turn in CD-RW with Career Portfolio and 2nd report**
- **Celebration Next time! (1 page Notes)**

Our City Westridge:

Groceries

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (10 min) Pass out Video Guide Sheets
- (Rest of Class) Watch either Mr. Holland's Opus or Rudy
- Can use 1 page of hand written notes on the celebration

Materials or Supplies:

- **Movie**
- **Movie Guide**
- **Popcorn**
- **Popcorn Bucket**
- **Napkins**

Financial Literacy

Day: 17

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Unit 1 Financial Planning, Goal, Decision Making Celebration

Journal Question:

What is the difference between a career and job?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Questions / Review**
- **Celebration**
- **Turn in packets and movie paragraph**

Our City Westridge:

15th Power Bill

15th Auto Payment

Chance Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (10 min) Review for Celebration, ask questions
- (5 min) Pass out Unit 1 Financial Planning, Goal, Decision Making Celebration and explain how to fill out test
 - Do not write on test
 - Do not cheat
 - After test, place test at front and quietly read or work on assignments
 - On your own sheet of paper write
 - Name
 - Date
 - Period
 - Test #
 - Test A or B
 - Title
- (70 min) Unit 1 Financial Planning, Goal, Decision Making Celebration
- (0min) If time, Correct Unit 1 Financial Planning, Goal, Decision Making Celebration, out of 105 points
- Turn in Unit 1 Packet and Movie Guide Sheet

Financial Literacy- Test A
Unit 1: Values, Financial Planning, Goal Setting & Decision Making
Celebration

Instructions: Before you begin, take three deep breaths holding each for three seconds. Please write your answers on your own sheet of paper. Draw a smile at the top of your page by your name, date, period, test, and test number for 5 points extra credit. Enjoy celebrating all that we have learned.

I. Matching (1 point each/ 26 points)

Group A. Match the following letter to the corresponding number the best matches the definition.

- | | |
|---|---|
| 1. _____ Long Term Goal
2. _____ Intermediate Goal
3. _____ Short Term Goal
4. _____ Incidental Goal | a. Something that takes years to accomplish. Ex. Happily married, being educated
b. Everyday goals with minor importance. Ex. Waking up, going to class
c. Something that can be done within 6 months to a year. Ex. Getting straight A's, doing well on a test, exercising this week, going on a date
d. Something that helps you achieve a long term goal. Ex. Getting married, Graduating from school |
|---|---|

Group B.

- | | |
|---|--|
| 5. _____ An individual who has a variety of investments tools to decrease risk
6. _____ Shares or units of ownership in a public corporation. The share holder has voting rights in the corporation
7. _____ Shares owned by existing stockholders are divided in to a larger numbers of shares
8. _____ Distributions of earnings paid to stockholders
9. _____ How much income a company has available to pay in dividends and reinvest as retained earnings on a per share basis
10. _____ Relationship between the price of one share of stock and the annual earning of the company.
11. _____ A measure of stock's volatility compared too changes in the overall stock market
12. _____ Stock's abbreviated trading symbol name
13. _____ The price of the last share sold for the day
14. _____ Oldest indicator of the ups and downs of the stock market. Lists the 30 leading industrial blue child stocks
15. _____ Tracks the stock market activity for 500 stocks
16. _____ Monitors fast moving technology and financial service stocks. Usually the companies are smaller and transaction occur over an electronic market
17. _____ The oldest and largest exchange with the strictest company standards
18. _____ The second largest exchange with less stringent requirements allowing for younger, smaller companies to be listed. | 19. _____ A person who is licensed to buy and sell stocks, provides investment advice, and collects a commission on each purchase or sale.

a. Stock Ticker Symbol
b. Dividends
c. Common Stock
d. American Stock Exchange
e. Portfolio Diversification
f. Dividends
g. Earnings per Share
h. Stock Split
i. Standard and Poor's 500
j. Index
k. Beta
l. Dow Jones Industrial
m. Broker
n. Close
o. New York Stock Exchange
p. NASDAQ |
|---|--|

q. Price/earning Ratio

Group C. Match the following letter to the corresponding number the best matches the definition.

- 20. _____ Growth
- 21. _____ Income
- 22. _____ Value
- 23. _____ Countercyclical
- 24. _____ Cyclical
- 25. _____ Speculative
- 26. _____ Blue Chip

- A. are companies which give consistent returns even when the economy is suffering because their products are always in demand. The beta is 1.0 or below, even in the negative.
- B. are from nationally recognized companies which dominate the industry often having annual revenue of \$1 billion or more. They have long records of profit, dividend payments, and a good reputation for the company management, products, and services.
- C. are from companies who have a consistent record of relatively rapid growth and earnings in all economic conditions. They are generally new companies expanding their product line by retaining all income and therefore pay no dividends. The beta is 1.5 or higher
- D. are from companies which have a low market price considering their historical earning records and value of current assets. They are often viewed as investment bargains.
- E. are from companies with potential for substantial earning in the future. These stocks are very high risk, but very profitable if the company grows. The beta is 2.0 or higher.
- F. are greatly influenced by changes in the economic business cycle. If the economy is doing poorly, so it the stock. The beta is generally 1.0
- G. pay higher than average dividends because the company chooses to retain only a small portion of its profits. These stocks are attractive to investors who are interested in receiving dividend and are not worried about selling the stock at a higher market price. The beta is less than 1.0.

II. Fill In The Blank (22 points)

Fill in the correct answer by the corresponding number

27. (5 points) What does "SMART" stand for in reference to goal making. Define and explain.

- a. S= _____ : Explanation-
- b. M= _____ : Explanation-
- c. A= _____ : Explanation-
- d. R= _____ : Explanation-
- e. T= _____ : Explanation-

28. (3 points) What are the three phases in a personal life cycle plan?

- 1.
- 2.
- 3.

29.(2 points) _____ are essentials, the basics of life.

30. (2 points) _____ simply increase the quality of living.

31. (4 points) What are the two different types of stock and the main characteristic of each?

- a. _____ : characteristic
- b. _____ : characteristic

32. (2 points) _____ is a general term used to describe all transactions involving the buying and selling of stock shares issue by a company.

33. (2 points) _____ is a share of ownership in the assets and earnings of a company.

34. (2 points) _____ is a type of debt that a company issues to investors for a specified amount of time.
35. (2 points)(3- Parts to the question- a,b,c,): Price to earning ration is the relationship between the price of one share of stock and annual earning of the company. It is the most widely used and critical measure or a stock's price. It represents how much investors are willing to pay for each dollar of a company's earnings. Most companies P/E ration is 5 to 2 Match the following companies to the respective P/E Ratio.
- a. _____ Financial successful companies have a ratio or
 - b. _____ Rapidly growing companies are between
 - c. _____ Speculative companies are
- i. 40-50
 - ii. 15-25
 - iii. 7-10

III. Multiple Choice (2 points each/18 points)

Choose the best answer for the question asked.

36. Book Value is the net worth of a company. Which formula is correct to find the book value
- Liabilities-Assets= Book Value
 - Assets + Liabilities = Book value
 - Liabilities +Assets = Book value
 - Assets – Liabilities = Book Value
37. What measures the volatility compared to changes in the overall stock market?
- Percentage
 - Stock
 - Beta
 - Time
38. Which of the following is not an **index**?
- NYSE
 - Dow Jones Industrial Average
 - Standard & Poor's 500 Composite
 - NASDAQ (National Association of Security Dealers Automated Quotations)
39. Which of the following is not an **exchange**?
- NYSE
 - NASDAQ
 - ALLQ
 - OTC
 - AMEX
40. What percentage of American children has television sets in their bedrooms?
- 15%
 - 25%
 - 40%
 - 65%
41. What index has 28 stocks traded on the NYSE and 2 traded on the NASDAQ?
- NYSE
 - Dow Jones Industrial Average
 - Standard & Poor's 500 Composite
 - NASDAQ (National Association of Security Dealers Automated Quotations)
42. The average American seventh grader
- Watches 3 hours of TV per day
 - Listens to 3 hours of music per day
 - Surfs the internet and communicates via e-mail 3 hours per day
 - Plays video gamers 3 hours per day
43. By age 18, the average US child's TV viewing has included 16,000 of these
- Beer Commercials

- b. Sexually explicit Scenes
- c. Murders
- d. Infomercials

44. Which of the following is not a category of advertising?

- a. Infomercial
- b. Periodical
- c. Mass
- d. Direct

IV. Short Essay (27 points)

45. (2 points) What is the relationship between risk and return?

46. (4 points) List and **describe** two of the five advertising techniques.

47. (2 points) List and **describe** one of the four gimmicks and tricks.

48. (6 points) After reading each scenario, calculate the cost of living in the community equivalent city using the cost of living equation. **Show all calculations. Remember to round to two decimal places.**

i. George's 2 job offers:

- a. \$21,000.00, Minneapolis, MN, \$2,400 benefits, 106.1 cost of living index
- b. \$27,500.00, Omaha, NE, \$1,200.00 benefits, 89.2 cost of living index

i. Lucile's 2 job offers:

- c. \$47,000.00 Seattle, WA, no benefits, 148.2 cost of living index
- d. \$52,500.00, Juneau, AK, no benefits, 128.6 cost of living index

49. (3 points) What are the three types of resumes?

50. (6 points) a. List the top three most interesting and valuable things you have learned this semester so far.
b. List three items that you would still like to learn throughout the rest of the semester.

50. (4 points) Explain Diversification.

Extra Credit

51. What is one thing you do before, during, and after the interview?

Materials or Supplies:

- **Tests A and B**
- **Key**

Financial Literacy

Day: 18

Topic: Understanding Paycheck & Taxes

Unit: 2 Work and Money

CHANGE SEATS

Journal Question:

What are taxes and what do they provide?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Correct tests if needed**
- **Career vs. Job Notes**
- **Understanding Your Paycheck Lecture**
- **Twister**

Our City Westridge:

Chance Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- If needed, Correct Unit 1 Celebration
- (15 min) Career and Job Notes
 - Have students fill in the information as you go through it on page 4 of their Unit 2 packet

Career and Job Notes

1. **What is the difference between a Job and a Career?**
 - a. Career involves long-range planning.
2. **Define Job:** a past of employment, full-time or part-time position
3. **Define Career:** an occupation or profession, one requiring social training, followed as one's life work
4. **What is earning power?**
 - a. Earning power is the ability to earn money in exchange for work. How much you earn depends on the value of your skills in the marketplace.
5. **Why do people get paid more for one type of work than for another in our society?**
 - a. Depends on the type of training and education one has to acquire to do before they are able to do that type of work.
 - b. An individual's value as a worker – the wage or salary received for a specific job – is related to the skill level and education of the worker, the demand for that work in society, and the availability of qualified workers.
6. **If you have a job now, do you actually take home every dollar that you earn?**
 - a. No, 31% of a person's paycheck is deducted
 - b. For every dollar you spend now, you need to make a \$1.75 to replace it.
7. **Gross income:**
 - a. the total amount a worker is paid before any required or voluntary deductions are made.

8. Net income:

- a. also called "take home pay," is the amount a person receives when he cashes or deposits his check. It is the remaining amount after deductions are made.

9. What are payroll deductions?

- a. The amount of money deducted from gross pay.

10. What kinds of payroll deductions are taken from your paycheck?

- a. Federal and State Taxes, FICA, Medical Benefits, Retirement
- b. By law, employers must pay taxes deducted from employee paychecks. The most common taxes are federal and state, and sometimes cities have their own local taxes. In addition, employees have to pay a Social Security Tax (FICA), and Medicare tax contribution with each paycheck.

11. What are taxes?

- a. Compulsory charges imposed on citizens by local, state and federal governments for mandatory systematic taxes, employee sponsored medical benefits, and or retirement benefits.

12. What is tax money used for?

- a. Used to provide public goods and services

13. What is an entrepreneur?

Entrepreneur

- a. Willing to take risks
- b. A person who creates a business from scratch.
- c. Self employed
- d. Strong sense of discipline
- e. Be your own boss
- f. Beat the competition

RISKS

- No guarantees
- No regular paycheck
- No boss
- Long hours
- Assume debt of business

REWARDS

- Be your own boss
- Keep profits
- Control
- Satisfaction
- Pursue talent and creativity

14. What is inflation?

- a. An increase in the price of goods and services. A dollar in the future won't buy as much as a dollar today.
- b. Did you know...
 - i. Inflation usually averages between 3% and 4% each year.
 - ii. Inflation has influenced our economy for decades ranging from .5% to 18%.
 - iii. In 1971 a first class stamp cost 8 cents.

➤ (5 min) Understanding Your Paycheck Notes

- Using a PowerPoint, explain the understanding your paycheck terms
- Have students fill out Understanding Paycheck Notes on page 5&6 in their Unit 2 Packet

Understanding Your Pay Check Notes–Key

1. Approximately what percentage of a person's paycheck is deducted?
Approximately 31%
2. What does it mean to say the United States operates on an ongoing payment system?
Taxes are immediately paid on income earned
3. What are the three methods an employer may use to pay his/her employees?
Paycheck, direct deposit, payroll card

4. How does direct deposit work?
Employers directly deposit an employee's paycheck into his/her bank account and send the employee the pay stub.
 5. How does a payroll card work?
A payroll card electronically carries the balance of the employee's net pay
 6. What do taxes provide citizens?
Public Goods and Services
 7. What is the difference between progressive and regressive taxes?
Progressive taxes take a larger percentage of income from high income taxpayers. Regressive taxes remain the same or decrease as income rises.
 8. What services are provided by the Internal Revenue Service?
Collects federal taxes, issues regulations, and enforces tax laws written by the United States Congress.
 9. What two forms must an employee complete when beginning a new job?
W-4 and Form I-9
 10. What does the Form W-4 determine.
Percentage of gross pay which will be withheld for taxes
 11. What is a dependent?
Person who relies on the taxpayer for financial support.
 12. What documentation must be provided to complete a Form I-9.
Documentation which establishes identity and employment eligibility.
 13. What information is provided on the Form W-2?
How much money was earned and paid in taxes throughout the previous year.
 14. What is a pay period?
The length of time for which an employee's wages are calculated.
 15. How is gross pay calculated?
By multiplying the number of hours worked by the hourly rate or dividing the salary amount by the specified time period.
 16. What is net pay?
Amount of money left after all deductions have been taken from the gross pay earned in the pay period.
 17. State taxes assist in providing funding for what within the state?
Government Agencies
 18. What two forms of taxes are represented under the Federal Insurance Contributions Act?
Social Security and Medicare
 19. What does Social Security fund?
Nation's retirement program
 20. What percentage of gross income is deducted for Medicare?
1.45%
- (5 min) Review the difference between Gross and Net Income
 - (Rest of Class) Twister
 - Have the students play the game twister using paycheck and taxes cards located in the box

Materials or Supplies:

- **Overheads**
- **Twister**

Financial Literacy

Day: 19

Unit: 2 Work and Money

Topic: Taxes

Journal Question:

What are the two types of tax systems? What does FICA mean?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Review Paycheck and Taxes Notes**
- **Taxes**
- **Different places to get info, file, and forms**
- **Fill out W-4 / W-2 / 1040 EZ**
- **Twister**

Our City Westridge:

20th Gas Bill

20th Automobile Insurance

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- If needed, Review Paycheck and Taxes Notes
- (25 min) Tax Information
 - Using page 9 in the Unit 2 packet, go through the different types of tax information
 - Use the provided overheads to show examples of the different types of forms
 - W-4, W-2, I-9, 1099-DIV, 1099-Int,

1099-DIV: This is a form that your financial institution will send you if you earned dividends on any investment accounts. Use it to report your dividend income.

1099-INT: This is a form that your financial institution will send you if you earned interest on any accounts. Use it to report your interest income.

- 1040EZ, 1040A, 1040- go through qualifications to use the different forms

1040EZ You may qualify to use Form 1040EZ, the simplest form, if:

- Your taxable income is below \$100,000
- Your filing status is Single or Married Filing Jointly
- You are under age 65
- You are not claiming any dependents
- Your interest income is \$1,500 or less

1040A You may be able to use Form 1040A if:

- Your taxable income is below \$100,000
 - You have capital gain distributions
 - You claim certain tax credits
 - You claim deductions for IRA contributions, student loan interest, educator expenses or higher education tuition and fees
- 1040** If you cannot use either a 1040EZ or 1040A, you probably need to use Form 1040. You must file form 1040 if:
- Your taxable income is \$100,000 or more
 - You claim itemized deductions
 - You are reporting self-employment income
 - You are reporting income from sale of property
- Tax Deadline is April 15th, W-2 forms mailed out by January 31st
 - Explain the different places to do their taxes
 - CPA, Accountant
 - Tax Prepares, ex. H&R Block, Liberty Tax
 - Computer Programs- Turbo Tax
 - Do it Yourself!
 - Explain the different places to file
 - Library
 - Post office
 - Mailed to you
 - Computer Programs & Accountants have forms
 - Online- irs.gov
- (Rest of Class) Tax Forms
- Go through the different tax forms that they could fill out
 - Go through step by step on how to fill out a 1040EZ form
 - Fill out a W-4, Show examples of W-2 Form
 - Fill out 1040EZ
- OPTIONAL (Rest of Class) Twister
- Have the students play the game twister using paycheck and taxes cards located in the box

Materials or Supplies:

Overhead

Tax Supplies

Financial Literacy

Day: 20

Unit: 2 Work and Money

Topic: Taxes

Journal Question:

What are the three different forms used to file taxes? When is the tax deadline?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Tax Review**
- **Tax Simulation**
- **Computer lab**
- **Paycheck and Taxes Quiz**

Our City Westridge:

Chance Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- If needed, Review Tax Information
- (25 min) Tax Simulation
 - Go to the computer lab and use page 10 in your Unit 2 packet as a guide
 - Print out the Microsoft Word Document with your name on it.

Instructions for Tax Simulation:

1. Go to the following website as listed below. (Make sure and type it exactly in order for it to work.)
http://www.irs.gov/app/understandingTaxes/jsp/s_student_simulations.jsp
2. You will be completed the simulation for five individuals. Make sure and read the simulation instructions carefully! You will be able to find the needed information, including various forms, by locating the tab at the bottom of the simulation. Refer to these as needed.
 - ✓ Sim 1: Cicley King
 - ✓ Sim 5: Joshua Bell
 - ✓ Sim 10: Jacob Hastings
 - ✓ Sim 11A: Madison Mailey
 - ✓ Sim 12B: James King
3. You must **complete all steps** in each Module.
4. Copy and paste the last page of the last step of each simulation in to a Microsoft Word Document. When you are finished with the last simulation. **Print off the Microsoft Word Document with your name and period on it.**

- (Rest of Class) Paycheck and Taxes Quiz
 - At the computer lab, if they finish, they can take the Paycheck and Tax Quiz

Materials or Supplies:

- **Computer Lab**
- **Paycheck and Taxes Quiz**

Financial Literacy

Day: 21

Unit: 2 Work and Money

Topic: Identify Theft

Journal Question:

Define the following:

a) W-4 b) W-2 c) I-9 d) 1099-INT

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **ID Example**
- **Identity Theft Video**
- **ID Theft Lecture**
- **Articles**
- **Create ID theft advertisement with articles**

Our City Westridge:

Expense Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (10 min) Identify Theft Introduction

Introduction: Ask students to look through their wallets or purses and find all the information which tells something about who they are.

What information did they find? Name, address, phone number, credit card receipts, driver's license number, insurance card, social security number, paycheck stubs, and banking information (checking, savings account numbers, ATM card, debit card, deposit slips.
- (15 min) Video: Identity Theft
 - a. Show the video from the post office on identity theft
- (30 min) Identity Theft Power Point/Handout
 - Using the PowerPoint go through identity theft
 - Have the students fill in page 11& 12 in their Unit 2 packets as you lecture
 - Make sure and have the students understand the 3 main credit bureaus
- (Rest of Class) ID Theft Articles
 - Have the students create an ID Theft Advertisements using the articles
 - Using the ID Theft Articles. Create an advertisement to prevent ID Theft on construction paper

➤ OR Optional(Rest of Class)Discuss Scenarios

1. Bethany purchased a new pair of shoes from the internet. What steps should she take to ensure her identity was protected while making the purchase?

Bethany should have all the details about the shoes before buying, make sure her purchase is made over a secure line starting with "https" or "shttp", keep proof handy, and research the company to ensure they are reputable.

2. Dana went out to dinner and left her credit card at the restaurant. The next day she called the restaurant and they said they did not have the card. What should she do?

Dana should call and cancel her card immediately and follow up in writing; keep a record of all correspondence, file a police report, contact the 3 major credit bureaus, and file a complaint with the Federal Trade Commission.

3. Jacob has just finished writing bills. What steps should he take to ensure all bills reach their destinations safely?

Jacob should destroy all statements not need and store the rest in a locked file and he should not leave statements lying around. He should deposit mail in a post office collection box or at the post office.

4. Sam purchased a bicycle on credit. When he received his credit card statement, he noticed several charges he did not make. What should he do?

Keep receipts of purchases made with a credit card, file a complain with the credit card company immediately (within 60 days) follow up with writing, keep a detailed record of correspondence, contact the credit bureaus, and contact the Federal Trade Commission.

Materials or Supplies:

Identify Theft Video- from Post Office

PowerPoint

Articles

Construction Paper

Markers

Financial Literacy

Day: 22

Unit: 2 Work and Money

Topic: Insurance

Journal Question:

What is insurance and why would you need it?

OR NEFE Unit 6 Quiz pg 73-84

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Insurance/Disability Quiz**
- **Define Insurance Terms**
- **What Covers That Risk (if time)**
- **Types of Insurance**
- **Insurance Scramble**

Our City Westridge:

1st Pay Day! Net Monthly Income Deposited

1st Mortgage/ Rent

1st Homeowner's Insurance

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (10 min) Insurance and Disability Quiz
 - On page 19-20 of their Unit 2 packet have the students answer the true and false questions
 - Go through the answers and talk about the questions

Insurance Quiz-Key

True/False

1. Within a persons first three years of driving, there is a 50% chance a person will be involved in an automobile accident.
False—There is a 70% chance a person will be involved in an accident in the first three years of driving.
2. Auto insurance is required by law to drive an automobile.
True—Liability is the minimum amount of insurance required by law.
3. Insurance plays a small role in most individual's financial plan.
False—1 in 12 dollars in the U.S. economy is spent on insurance.
4. Most individuals or families can afford health care and medical expenses.
False—Health care costs are extremely high. #1 reason people go bankrupt
5. Most Americans have employer-based health insurance.
True—61% of Americans have employer based health insurance.
6. Life insurance is necessary for everyone.

False—only if you have someone depending on you financially

7. Disability insurance is necessary only for people with disabilities.

False—1 out of 10 people will become disabled before age 65

8. When renting an apartment, the renter should purchase renter's insurance because the owner's insurance will not cover the renters possessions.

True— the landlord is only insuring the building.

How much does the following cost?

- | | |
|--------------------------------------|--|
| 9. Flu Shot \$21.00 | 15. Appendectomy \$10,511.00 |
| 10. Hepatitis B Shots \$75.00 | 16. Leg Fracture \$1,500.00 |
| 11. Preventive Exam \$114.00 | 17. Internal Injury \$26,000.00 |
| 12. Chest Exam \$157.00 | 18. Chemotherapy \$4,000.00 |
| 13. Stitches \$220.00 | 19. Open Wounds \$9,075.00 |
| 14. Tonsillectomy \$4,152.00 | |

Disabilities Notes-Key

True/False

- Families suffer severe financial burdens with a disabled child.
True
- There is a real pulling together and nearly every marriage is strengthened because of a disabled child in the home.
False—85% Divorce, 95% divorce if healthy partner becomes disabled.
- Families find their friends clustering around and eager to share the hardships of a handicapped child.
False
- A mentally retarded child is the hardest handicap for parents to deal with, much more so than a physically disabled child.
True
- It is easier to cope with a mentally retarded girl than a boy.
True
- Parent's may view the birth of a disabled child as a reflection of their own inadequacies.
True
- One problem with raising a disabled child is that the parents may be overprotective of the affected child and neglectful of the other kids.
True
- Some parents may push their other kids to achieve almost as a compensation for the disabled child.
True
- It is easier to accept older disabled children than younger ones.
False
- It is harder on sisters than brothers to have a disabled child in the home as the girls often get a lion's share of the responsibility.
True
- Mother's seem to have the hardest time accepting and dealing with the handicapped child than do fathers.
False

Dealing with a Disability

- A. What are some reactions? **Grief process—denial, shock, anger, depression, sadness, fear, why me?**

- B. What conditions add to the problem? **Money problems, uneducated, more sever more isolated.**
- C. Suggestions for dealing with a disability or someone you know who is disabled.

Take one day at a time, treat as normal, good medical insurance, religion, support groups

➤ (20 min) Insurance Terms

- a. Go through the insurance Terms and define them using the overhead
- b. Have students fill in the definitions on page 21 in their Unit 2 packet

Insurance Terms

1. Premium- the total amount of money you pay for insurance
2. Life Insurance- protection against financial loss due to death
3. Dependent- a person who relies on another person for financial support
4. Beneficiary- the person who receives the death benefit
5. Term Life Insurance- covers you for a specific number of years
6. Whole Life- covers policy holders for a life time
7. Deductible- the amount you pay before the insurance company pays the rest
8. Co-payment- small fixed fees for certain services
9. Basic Medical Coverage- pays standard hospital costs
10. Disability- provides payments for people who are unable to work, 2/3 of person's salary
11. Workers Compensation- carried by employers to provide benefits for people who suffer illness or injury on the job
12. HMO (Health Maintenance Organization) - Group who provide series. Go to only HMO doctors
13. PPO (Preferred Provider Organization) - More doctors to choose from. Cost more
14. Home Owners
 - a. Property Coverage- insures against fire, theft, vandalism
 - b. Liability- protect against financial loss if others are injured on your property
15. Renters Insurance
 - a. Actual Cash Value- replaces original cost
 - b. Replacement Costs- what it would cost to replace today

➤ (30 min) What covers that risk

- Using the game pieces have the students match the scenarios to the different types of insurances

➤ (Rest of Class) Types of Insurance

- Read pages 25-26 in their Unit 2 packet and answer the questions on page 23-34

➤ OR Optional (Rest of Class) Insurance Scramble

- On page 22 in their Unit 2 packet

Other Options:

Holland/Italy Analogy

- A. How would you feel?
unprepared, angry, alone, cheated, depressed, shocked
- B. How many know someone with a disability?
Discuss who and what the disability is.

C. David and Susanne Examples

Team Hoyt Video

Dick and Rick Hoyt are a father and son team from Massachusetts who together compete just about continuously in marathon races. And if they're not in a marathon they are in a triathlon—that daunting, almost superhuman, combination of 26.2 miles of running, 112 miles of bicycling, and 2.4 miles of swimming. Together they have climbed mountains, and once trekked 3,735 miles across America.

At Rick's birth in 1962 the umbilical cord coiled around his neck and cut off oxygen to his brain. Dick and his wife Judy were told that there would be no hope for their child's development.

It's been a story of exclusion ever since he was born," Dick told me. "When he was eight months old the doctors told us we should just put him away—he'd be a vegetable all his life. Well those doctors are not alive any more, but I would like them to be able to see Rick now.

Rick now works at Boston College's computer laboratory helping to develop a system codenamed "Eagle Eyes" through which mechanical aids (like a powered wheelchair) could be controlled by a paralyzed person's eye-movements, when linked up to a computer.

Messages from the Video

1. Everyone should be included in every day life.
2. You will have challenges. Your challenges may not be as visible as Rick's but they can be just as hard. A wise man said, "When you meet someone treat them as if they were in serious trouble and you will be right more than half the time."
3. That you can make the best of any challenge that you may be given.
4. While struggling with the challenges in your life look for ways that you can help others—Elizabeth Smart, Lori Hacking, Garret Beardsle

Materials or Supplies:

- **Overheads**
- **What covers that Risk**
- **Team Hoyt Video**

Financial Literacy

Day: 23

Unit: 2 Work and Money

Topic: Bankruptcy

Journal Question:

Define the following:

a) Premium b) Deductible c) Whole Life insurance d) Term Life insurance

What is Bankruptcy?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Review insurance**
- **Bankruptcy Introduction**
- **Nouveau poor**
- **Bankruptcy notes**
- **Bankruptcy article – if true**

Our City Westridge:

5th Health Insurance

6th Communication Bill (Phone/Cell Phone)

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (20 min) Bankruptcy Introduction
 - Using page 27-28 in their Unit 2 Packet
 - Make a list of clothes, personal care products, jewelry, braces, glasses, etc. that you are wearing today and estimate the price of each item.

Discussion:

1. How important is money to our society?
2. Is this importance helpful or harmful to society? Explain.
3. Would it surprise you to know that in Africa some family's income is \$300 a year.
4. How does your list compare with the income of these families?
5. What would you give up?

Ask them to cross off the things on the list that they think they could do without.

- (15min) Nouveau Poor (8 minutes)
 - KSL News report on bankruptcy
 - Have the students write their reaction on page 28

The average American has 6 credit cards with an average debt of \$8,500. #1 Reason people go bankrupt is medical expenses. #2 is credit card debt.

In 1981 the average family owed 6 weeks worth of income in debt.
In 1991, the debt load increased to six months of income.

Bankruptcies are filed at the rate of one in every 37 homes in Utah. The National average is one in every 73 homes.

Utah is #1 in personal bankruptcy. Ages 18-25. Why?

1. We earn less money per hour. 88% of National Average
2. We have larger homes. 25% have 8 or more rooms.
3. We have more cars. One more vehicle per household. Large Cars.
4. We have more children. Cost to raise one child is \$230,000
5. We give a lot of money away. 1st in Nation for Donations.
6. We marriage at the youngest age in the U.S. Start having children which cuts education short especially for women.

➤ (20 min) Bankruptcy Lecture

- What is the difference between Chapter 7 and Chapter 11?

1. Chapter 7: Means you ask the court to forgive your debt with no intention of paying back.
2. Chapter 11 means you reorganize your debt and pay back.

Bankruptcy Reform Law (October 17, 2005) has changed that. You have to pay it back over a 5 year period.

➤ (10 min) Bankruptcy Articles

- Divide into groups and go through the various articles about different bankruptcy situations

➤ (20 min) Insurance Swat

- If time, put up the insurance terms on the board
- Have students divide into 2-3 teams
- Hand each team a fly swatter
- Read the definition
- First person to swat the word receives the points

➤ (10 min) Insurance Needs Throughout Life

- On page 26A in their Unit 2 Packet
- The students for each scenario, determine the type of insurance needed and when this insurance should have been purchased
- Then come up with 3 more scenarios and fill in the chart

Materials or Supplies:

- **Overheads**
- **Nouveau Poor Video**
- **Bankruptcy Articles**

Financial Literacy

Day: 24

Unit: 2 Work and Money

Topic: Credit

Journal Question:

When you hear the word “credit” what comes to mind?

OR NEFE Unit 5 Quiz pg 59-72

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Credit Introduction pg 29**
- **5 C's of Credit and then practice in GFL Foldable**
- **Types of Credit**
- **Advantages and Disadvantages of credit**

Our City Westridge:

Chance Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (10 min) Credit Introduction
 - On page 29 in their Unit 2 Packet
 - What is credit
 - What are the 5 C's of Credit

Character is a person's honesty and reliability determined by their history of repaying bills on time

Capital is an evaluation of person's net worth

Capacity is the income a person has available to repay the loan determined by job longevity and having few other loans

Collateral is property which can be seized if a person does not repay the loan

Conditions refers to the general state of the economy

- Explain the cost of Credit
- (10 min) Types of Credit
 - Installment
 - Non-Installment/ Revolving
- (10 min) Advantages and Disadvantages of Credit
 - Post signs on both sides of board
 - Distribute the scenario cards

- Have students come up front and place card rather they feel it is an advantage of credit or a disadvantage of credit

Materials or Supplies:

Overheads

Advantages and Disadvantages Cards

Financial Literacy

Day: 25

Unit: 2 Work and Money

Topic: Credit

Journal Question:

What is Credit? What are the two types of Credit? What are the 5 C's of Credit?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Selecting a Credit Card**
- **Understanding Schumer's Box**
- **Comparison Shopping for Credit card**

Our City Westridge:

Groceries

Expense Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (20 min) Selecting a Credit Card
 - Using the PowerPoint have the students take notes on page 30-31 in their Unit 2 packet
- (20 min) Understanding Schumer's Box
 - Use the provided overhead and go through the different parts of in a Schumer's box
 - Using an overhead of a credit card application, go through a real-life Schumer's box
 - Have the students fill in Card 1- Example on page 32 in their Unit 2 Packet as you go through it with them
- (Rest of Class) Comparison Shopping for Credit Card
 - Have the students, pick 3 credit card applications from the ones provided
 - They will need to compare the 3 applications using the Schumer's box
 - Once finished, have them evaluate which card would be the best choice for them

Materials or Supplies:

- **Collect old credit card applications with Schumer's Box**
- **Overheads**
- **Schumer Box Example**

Financial Literacy

Day: 26

Unit: 2 Work and Money

Topic: Credit

Journal Question:

What is a Schumer's Box? What is a credit report?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Credit Scenario Cards**
- **Credit Reports Lecture**
- **Example of Credit Reports**
- **Credit Report Scenario**
- **Review for celebration (1 page notes)**

Our City Westridge:

Expense Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (10 min) Credit Scenario Cards
 - Using the credit scenario cards, distribute them on each students desk
 - Have the students analyze the different scenarios
- (10 min) Credit Reports Lecture
 - Using the PowerPoint, go through the Credit Reports Lecture (Understanding Credit Reports)
 - Have the students take notes on page 36-37 in their Unit 2 packet
 - Show examples of real-life credit reports and explain how to interpret them
 - Explain credit scoring and what percentages fall in what range
- (10 min) Credit Report Scenario
 - On the overhead, show Carolina Blue Equifax Report
 - On page 38 in their Unit 2 packet, Have the students decide why she would be a high risk borrower and how she could implement strategies to improve her credit rating.
- (10 min) Credit Report Homework
 - Have the students finish with reviewing the questions on page 43 in their Unit 2 packet to review understanding credit reports homework
 - Students can have one page handwritten notes to use on test

Materials or Supplies:

- **Credit Card Scenarios Cards**
- **Credit Repots**
- **PowerPoint**

Financial Literacy

Day: 27

Unit: 2 Work and Money

Topic: Unit 2 Work and Money Celebration

Journal Question:

What is the difference between progressive and regressive taxes?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Review**
- **Unit 2 Insurance and Credit Celebration**
- **Turn in Packet**

Our City Westridge:

15th Power Bill

15th Auto Payment

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (10 min) Review for Celebration, ask questions
- (5 min) Pass out Unit 2 Work and Money Celebration and explain how to fill out test
 - Do not write on test
 - Do not cheat
 - After test, place test at front and quietly read or work on assignments
 - On your own sheet of paper write
 - Name
 - Date
 - Period
 - Test #
 - Test A or B
 - Title
- (70 min) Unit 2 Work and Money Celebration
- (0min) If time, Correct Unit 2 Work and Money Celebration, out of 128 points
- Turn in Unit 2 Packet

Financial Literacy- Test A
Unit 2: Work and Money Celebration
You may use a calculator.

*Instructions: Before you begin, take three deep breaths holding each for three seconds. Please write your answers **on your own sheet of paper**. Draw a smile at the top of your page by your **name, date, period, test, and test number** for 5 points extra credit. Enjoy celebrating all that we have learned.*

I. Multiple Choice (2 pts each)

1. What is the minimum type of coverage for automobile insurance required by law?
 - A. Comprehensive
 - B. Collision/Liability
 - C. Health
 - D. Medical Payment
2. What two taxes are included with the Federal Insurance Contribution Act (FICA)?
 - A. Federal and state taxes
 - B. Social Security and Medicare
 - C. Social Security and Retirement
 - D. Medical and federal taxes
3. What form should a person receive from an employee by January 31 to complete his/her annual tax paperwork?
 - A. Form W-2 from the previous year
 - B. Form W-4 for the current year
 - C. Form 1-9 for the previous year
 - D. Medicare form for the current year
4. Approximately what percentage of a persona paycheck is deducted?
 - A. 46%
 - B. 31%
 - C. 27%
 - D. 32%
5. What is an employee required to complete when they begin a new job?
 - A. Form W-2
 - B. Social Security Form
 - C. Form W-4
 - D. All of the above
6. What is a mutual fund?
 - A. A group of stocks, bonds, and other investments managed by a brokerage firm.
 - B. A secured box in the bank used to store valuables and important personal items.
 - C. A borrowed amount of money members apply for to be paid back at various interest rates.
 - D. A fixed amount of money in an account receiving a fixed interest rate during a specified period of time.
8. What is net pay?
 - A. The amount of money left after all deductions have been taken.
 - B. The length of time an employee's wages are calculated.

- C. The amount of pay earned from doing additional work for a company.
- D. The total amount of money earned before pay deductions.

10. What are the two types of taxes?
- A. Internal Revenue Service and W-4
 - B. Allowance and deduction
 - C. Dependent and exemption
 - D. Progressive and regressive

Use the following scenario for questions 11 and 12.

Bob is working for a bank. He earns \$8.00 an hour, works 40 hours a week, and gets paid every two weeks. He pays \$63.08 into federal withholdings, \$33.21 into state withholdings, and \$42.05 into FICA.

11. What is Bob's gross pay on his paycheck?
- A. \$501.66
 - B. \$543.71
 - C. \$576.92
 - D. \$640.00
12. What is Bob's net pay on his paycheck?
- A. 501.66
 - B. 543.71
 - C. 576.92
 - D. 640.00
13. What factor affects the time value of money?
- A. Time
 - B. Interest rate
 - C. Amount invested
 - D. All of the above
14. According to the Federal Truth and Lending Act, where must the terms and conditions of credit cards be posted?
- A. On the back of the credit card.
 - B. In the Schumer Box
 - C. On the credit card's web site only.
 - D. They do not need to be posted.
15. Using the "Rule of 72," what rate of return is needed for one to double his/her investment in 12 years?
- A. 4%
 - B. 6%
 - C. 10%
 - D. 12%
16. What is the purpose of a Schumer Box?
- A. Compare loan offers
 - B. Show taxes for the past year
 - C. Compare credit card offers
 - D. Check your credit score
17. Using the "Rule of 72" how many years will it take to double one's money at an 8% rate of return?

- A. 9
 - B. 90
 - C. 99
 - D. 900
18. What information is included in an individual's credit history?
- A. Current and past addresses
 - B. Employment history
 - C. Criminal records
 - D. All of the above
19. Who is able to review a consumer's credit report?
- A. Potential employers
 - B. Landlords
 - C. Government Agencies
 - D. All of the above
20. When evaluating a person's credit worthiness, which of the following is NOT considered a factor?
- A. Consistency
 - B. Capital
 - C. Character
 - D. Capacity
21. Health insurance does not cover which of the following:
- A. Routine medical procedures
 - B. Prescriptions
 - C. Cosmetic surgery
 - D. Medical emergencies
22. Who is the beneficiary of a life insurance policy?
- A. The individual who purchased the policy.
 - B. The recipient who receives any proceeds if the insured person dies.
 - C. The insurance agent who sold the policy.
 - D. The individual who's assets will be distributed upon death.
23. What does disability insurance cover?
- A. The medical costs for a long term injury.
 - B. The employer's expenses for losing an employee and then rehiring.
 - C. The counseling services needed for the disabled person.
 - D. The loss of income due to illness or injury.
24. What is included in homeowner's insurance?
- A. Property insurance
 - B. Liability insurance
 - C. Both property and liability insurance
 - D. Neither property nor liability insurance
25. Why is renter's insurance recommended when renting a home?
- A. The landlord's insurance does not cover the renter's personal possession.
 - B. The prevent the renter from having to replace the rental unit in case of a fire.
 - C. Landlords do not typically carry insurance policies.

D. To subsidize the property manager's insurance policy in the case of a fire or other natural disaster.

26. What does ATM stand for?
A. Automated Transaction Machine.
B. Automatic Teller Machine.
C. Automobile Tax Money.
D. Automatic time machine
27. What percentage of a credit score does payment history have?
A. 15%
B. 10%
C. 35%
D. 30%
28. What is not one way Identity thieves acquire Information?
A. Steal wallets or purse.
B. Steal mail.
C. Go "dumpster diving".
D. Read a news article by you

II. Matching (1 pt. each)

- | | |
|--|--|
| 29. _____ Steady rise in general level of prices. Supply of money rises faster than the supply of goods and services | a. Credit Report |
| 30. _____ Money owed to another party | b. Taxes |
| 31. _____ Written report of person's credit history | c. Debt |
| 32. _____ An arrangement between an individual and an insurer for protection against risk. | d. Inflation |
| 33. _____ Compulsory charges impose by the federal government on citizens and their property. | e. Insurance |
| 34. _____ The analogy that income is water coming into a bathtub and expenses is the water coming out of a bathtub | f. Bathtub Analogy |
| | |
| 35. _____ Character | a. is a person's honesty and reliability determined by their history of repaying bills on time |
| 36. _____ Capital | b. is an evaluation of person's net worth |
| 37. _____ Capacity | c. refers to the general state of the economy |
| 38. _____ Collateral | d. is the income a person has available to repay the loan determined by job longevity and having few other loans |
| 39. _____ Conditions | e. property which can be seized if a person does not repay the loan |

III. Fill in the Blank

40. (3 pts) What does IRS stand for?

I: _____ R: _____ S: _____

41. (2 pts) What is one of the three methods an employer may use to pay his/her employees?

42. (2 pts) _____ income is the money you make before taxes.

43. (2 pts) _____ income is the money you actually take home.

44. (2 pts) What are the two forms that an employee must complete when beginning a new job?

_____ & _____

45. (2 pts) What is the premium in insurance?

46. (2 pts) What is something to look for to confirm it is secure website?

47. (2 pts) Identify two of the different types of dollar amounts specified in an insurance policy.

48. (1 pts) What does the W-4 form determine?

49. (3 pts) What are the three credit bureaus?

1. _____
2. _____
3. _____

50. (2 pts) _____ and _____ are the two most common errors on a credit reports

51. (2 pts) What does a w-2 form tell?

IV. True or False (2 pts. Each)

52. Principal is the original amount invested or saved.

53. A dependent is a person who doesn't rely on the tax payer for financial support.

54. Smoking or drinking during a job interview shows the interviewer you are relaxed and will be an asset to the company.

55. 18% is better than 13% APR (Annual Percentage Rate).

56. Taxes provide goods and services.

57. Leaving ATM card around your house and restaurants is smart.

58. Outgoing mail should be put in your mailbox.
59. Within a persons first three years of driving, there is a 70% chance he or she will be involved in an auto accident
60. When someone wrongfully acquires and uses consumer personal identification credit or account information is identity theft.
61. It is easier to get a credit card that a library card.
62. Interest is the price of money.
63. Debt is bad.

V. Short Essay (3 pts. Each)

64. Name at least one reason why Utah is #1 for declaring bankruptcy.
65. Explain the difference between a Chapter 7 and a Chapter 13 bankruptcy.
66. List two advantage and two disadvantages of credit. Explain why you would need credit.
67. What is the difference between a career and a job?

**Good Job! Please place your test and answer sheet up at the front of the classroom in the correct piles.
Begin to quietly read or relax until the last person finishes.**

Materials or Supplies:

- **Unit 2 Tests A & B**
- **Answer Key**

Financial Literacy Lesson Plans

Designed by: Camie Sunderland
Bountiful High School
Bountiful, Utah

Special Thanks to Ann Harbertson
from Viewmont High School for her contributions!

Use it, Modify it or Toss it!
Resource: <http://fefe.arizona.edu/>

Calendar for Financial Literacy 2007/2008

Term 1

Day	Date A-day/ B-day	Topic	What's Due? NO LATE WORK ACCEPTED!!!
1	August 29/30	Introduction/ Course Disclosure/ Supplies & Projects/ Getting to Know You Activity/ License Plates/ Financial Statistics Puzzle	PP (20)
2	August 31/ September 4	Pre-Test Unit 1 : Financial Planning, Goal Setting and Decision Making Unit Attitudes about Money/ Premature Affluence Needs vs. Wants/ Values	Signed Course Disclosure (25) Parent Consent Form (10)/ Calculator License Plate (15) Distribute Workbook & NEFFE Book PP (20)
3	September 5/6	Value Auction or Forced Values & Value Collage	PP (20)
4	September 7/10	Goals/Setting Financial Goals Long vs. Short Term Goals Life Cycle of Financial Planning	PP (20)
5	September 11/12	Introduction to Our City! Don't miss today!!!! Amortization Calculators	PP (20) Value Collage (100)
6	September 13/14	GFL Foldable Introduction to Stock Market Stock Market Vocabulary	PP (20) NEFE Reading Unit 1 pg 1-14
7	September 17/18	The Stock Market History and Terminology Prepare Presentations & Present	PP (20) Westridge Checks (30)
8	September 19/20	The Language of the Stock Market Reading a Stock Table Finish Stock Market Presentations Introduce Stock Market Game Computer Lab	PP (20) Stock Market Terms (62)
9	September 21/24	Pit or Stock Market Game Computer Lab	PP (20) Reading a Stock Table Quiz (20)
10	September 25/26	Advertising Impact of advertising/ Types of advertising	PP (20)
11	September 27/28	Personality Mosaic/Career Plans/ Career Research Paper Computer Lab	PP (20) NEFE Reading Unit 2 pg 14-24
12	October 1/2 Parent/ Teacher Conference	Investment in yourself/ Education vs. income Comparing job offers/Cost of living/Employee benefits/ Jobs I would like/dislike Explain Career Portfolio	PP (20) Career Research Paper (40) Must be typed! 1 st Stock Market Report Due (10)
13	October 3/4	Introduce Resume/ Cover letter/ Thank you letter Begin Working on Career Portfolio Computer Lab	PP (20) *Bring CD RW(20)
14	October 5/8	Work on Career Portfolio- Print 2 copies!!! Finish Language of Stock Market Computer Lab	PP (20)
15	October 9/10	Career Portfolio Trade Interview Etiquette/ Example Questions/ Professionally You Computer Lab	PP (20) Career Portfolio: Must save on CD-RW
16	October 11/12	Mr. Holland's Opus or Rudy Celebration Review	PP (20) Career Portfolio (75) 2 nd Stock Market Report Due (10)
17	October 15/16	UNIT 1 VALUE, GOAL, DECISION MAKING CELEBRATION If time, finish video	<u>Financial Planning, Goal Setting and Decision Making Unit Celebration (105)</u> PP (20)Unit 1 Packet (321)
18	October 17/18	Unit 2: Work and Money Unit Differences between Career and Job/ Different Forms of Income Understanding Paycheck and Taxes Gross vs. Net income	PP (20) Mr. Holland's Opus or Rudy Essay (35)
19	October 19/22	Taxes Tax forms How to fill out tax forms	PP (20)
20	October 23/24	Tax Simulation Computer Lab	PP (20) Tax Simulation (50)
21	October 25/26	Identity Theft Protecting your Identity	PP (20) 3 rd Stock Market Report Due (10) Term 1 Participation Points Due (400) Extra Credit Due (0)
22	October 31/November 1	Insurance Terminology & Definitions Insurance Types Medical- Automobile- Life- Disability Insurance Scramble	PP (20) NEFE Reading Unit 6 pg 73-84
		End of First Term ☺ You made it only 3 more to go...	

Term 2

Day	Date A-day/ B-day	Topic	What's Due? NO LATE WORK ACCEPTED!!!
23	November 2/6 Don't Forget to Vote	Role of Cultural, Social, and Emotional Influences Bankruptcy	PP (20)
24	November 7/8	What is Credit Advantages and Disadvantages of Credit Types of credit, 5 'c of Credit Risks and responsibilities	PP (20) NEFE Reading Unit 5 pg 59-72
25	November 9/12 Mrs. Sunderland's Birthday ☺	Selecting a Credit Card Understanding Schumer's Box Comparison Shopping for Credit Cards	PP (20) 4 th Stock Market Report Due (10)
26	November 13/14	Understanding Credit Reports Celebration Review	PP (20)
27	November 15/16	<u>UNIT 2 INSURANCE AND CREDIT CELEBRATION</u>	<u>Unit 2 Insurance and Credit Celebration (128)</u> PP (20) Unit 2 Work and Money Packet (313)PP (20)
28	November 19/20 Thanksgiving Break	<u>Unit 3: Money Management Unit</u> Group Juggle/ The Bean Game What is a budget?/Fixed and Variable Expenses Building your own budget What's what in banking? Financial Institutions	PP (20) Spending Plan Term Quiz (20) Stock Market Records (25)\ NEFE Reading Unit 3 pg 27-42
29	November 26/27	Financial Institutions Transaction Services/Charges, Fees, and other Costs You Can Bank On It Explanation and Work On Computer Lab	PP (20) Financial Institutions Quiz (30)
30	November 28/29	You Can Bank on It Presentations Reconciling a Checking Account	PP (20) You Can Bank on it Poster (100) Notes on Presentations (60) Reconciling a Checking Account (75)
31	November 30/ December 3	<u>Unit 4: Investment Unit</u> Savings vs. Investing Managing your Cash Investing is like...	PP (20) Unit 3 Money Management Packet (176) NEFE Reading Unit 4 pg 43-58
32	December 4/5	Time Value of Money Rule of 72 Types of Retirement Accounts/ Tax Deferred Accounts Children's Book Explanation	PP (20) Rule of 72 Quiz (20) Investing is like...(20)
33	December 6/7	Chad Foster Video OR Savings and Investing Guest Speaker	PP (20) Chad Foster Video Notes (15)
34	December 10/11 Parent/Teacher Conference	Work on Children's Savings Book and Brochure Computer Lab	PP (20)
35	December 12/13	<u>UNIT 3 & 4 FINANCIAL INST & INVESTING CELEBRATION</u> Stock Market Game Awards	PP (20) <u>Unit 3 & 4 Celebration (96)</u> PP (20) Unit 4 Investing Packet (102) Savings Children Book (150)
36	December 14/17	<u>Unit 5: Housing/ Automobile Unit</u> Buying vs. Renting/Mortgages/ Home Finances	PP (20)
37	December 18/19	Mortgage Guest Speaker OR Mortgages	PP (20) <u>Book Report Due (150)</u>
38	December 20/21	Buying vs. Leasing/ Car Loans Researching an Automobile/Shopping for an Automobile Computer Lab	PP (20)
WINTER BREAK- HAPPY HOLIDAYS ☺			
39	January 2/3	Consumer Protection Laws & Different Agencies Rights and Responsibilities of Buyers and Sellers Consumer Product Research Computer Lab	PP (20)
40	January 4/7	Finish Consumerism/Decision Making	PP (20)
41	January 8/9	Wise Shopping Practices Evaluating Convenience/ Unit Pricing/ Food Fight Article Final Study Guide	PP (20)
42	January 10/11	Store Brand vs. Name Brand	PP (20) NO LATE WORK ACCEPTED AFTER January 16 @ 2:45PM!!!
43	January 14/15	<u>UNIT 5 & Term End Comprehensive Final- DO NOT MISS!!</u>	PP (20) Shop Till You Drop (100) Unit 5 Housing, Auto, Consumer Packet (393) Westridge- Our Town Project Due (150)
44	January 16/17	Party! Evaluations/ Bind Books (Bring all 5 unit packets)	Financial Literacy Portfolio (100) Term End Participation Points Due!!! Life Savers (EX)
44	January 18	Clean and Celebrate!!	

*****Calendar & Points are Subject to Change*****

Calendar for Financial Literacy 2008

Term 3

Day	Date B-day/ A-Day	Topic	What's Due? NO LATE WORK ACCEPTED!!!
1	January 23/24	Introduction/ Course Disclosure/ Supplies & Projects/ Getting to Know You Activity/ License Plates/ Financial Statistics Puzzle	PP (20)
2	January 25/28	Pre-Test Unit 1 : Financial Planning, Goal Setting and Decision Making Unit Attitudes about Money/ Premature Affluence Needs vs. Wants/ Values	Signed Course Disclosure (25) Parent Consent Form (10)/ Calculator License Plate (15) Distribute Workbook & NEFFE Book PP (20)
3	January 29/30	Value Auction or Forced Values & Value Collage	PP (20)
4	January 31/ February 1	Goals/Setting Financial Goals Long vs. Short Term Goals Life Cycle of Financial Planning	PP (20)
5	February 4/5	Introduction to Our City! Don't miss today!!! Amortization Calculators	PP (20) Value Collage (100)
6	February 6/7	GFL Foldable Introduction to Stock Market Stock Market Vocabulary	PP (20) NEFE Reading Unit 1 pg 1-14
7	February 8/11	The Stock Market History and Terminology Prepare Presentations & Present	PP (20) Westridge Checks (30)
8	February 12/13	The Language of the Stock Market Reading a Stock Table Finish Stock Market Presentations Introduce Stock Market Game Computer Lab	PP (20) Stock Market Terms (62)
9	February 14/15	Pit or Stock Market Game Computer Lab	PP (20) Reading a Stock Table Quiz (20)
10	February 19/20	Advertising Impact of advertising/ Types of advertising	PP (20)
11	February 21/22	Personality Mosaic/Career Plans/ Career Research Paper Computer Lab	PP (20) NEFE Reading Unit 2 pg 14-24
12	February 25/26	Investment in yourself/ Education vs. income Comparing job offers/Cost of living/Employee benefits/ Jobs I would like/dislike Explain Career Portfolio	PP (20) Career Research Paper (40) Must be typed! 1 st Stock Market Report Due (10)
13	February 27/28	Introduce Resume/ Cover letter/ Thank you letter Begin Working on Career Portfolio Computer Lab	PP (20) *Bring CD RW(20)
14	February 29/ March 3	Work on Career Portfolio- Print 2 copies!!! Finish Language of Stock Market Computer Lab	PP (20)
15	March 4/5	Career Portfolio Trade Interview Etiquette/ Example Questions/ Professionally You Computer Lab	PP (20) Career Portfolio: Must save on CD-RW
16	March 6/7	Mr. Holland's Opus or Rudy Celebration Review	PP (20) Career Portfolio (75) 2 nd Stock Market Report Due (10)
17	March 10/11	UNIT 1 VALUE, GOAL, DECISION MAKING CELEBRATION If time, finish video	Financial Planning, Goal Setting and Decision Making Unit Celebration (105) PP (20)Unit 1 Packet (321)
18	March 12/13	Unit 2: Work and Money Unit Differences between Career and Job/ Different Forms of Income Understanding Paycheck and Taxes Gross vs. Net income	PP (20) Mr. Holland's Opus or Rudy Essay (35)
19	March 14/17	Taxes Tax forms How to fill out tax forms	PP (20)
20	March 18/19	Tax Simulation Computer Lab	PP (20) Tax Simulation (50) Term 3 Participation Points Due (400) Extra Credit Due (0)

Calendar & Points are Subject to Change

Term 4

Day	Date B-day/ A-Day	Topic	What's Due? NO LATE WORK ACCEPTED!!!
21	March 20/25	Identity Theft Protecting your Identity	PP (20) 3 rd Stock Market Report Due (10)
22	March 26/27	Insurance Terminology & Definitions Insurance Types Medical- Automobile- Life- Disability Insurance Scramble	PP (20) NEFE Reading Unit 6 pg 73-84
23	March 28/31	Role of Cultural, Social, and Emotional Influences Bankruptcy	PP (20)
24	April 1/2	What is Credit/Advantages and Disadvantages of Credit Types of credit, 5 'c of Credit/Risks and responsibilities	PP (20) NEFE Reading Unit 5 pg 59-72
25	April 3/4	Selecting a Credit Card Understanding Schumer's Box Comparison Shopping for Credit Cards	PP (20) 4 th Stock Market Report Due (10)
26	April 7/8	Understanding Credit Reports Celebration Review	PP (20)
27	April 9/10	<u>UNIT 2 INSURANCE AND CREDIT CELEBRATION</u>	<u>Unit 2 Insurance and Credit Celebration (128)</u> PP (20) Unit 2 Work and Money Packet (313)PP (20)
28	April 11/14	<u>Unit 3: Money Management Unit</u> Group Juggle/ The Bean Game What is a budget?/Fixed and Variable Expenses Building your own budget What's what in banking? Financial Institutions	PP (20) Spending Plan Term Quiz (20) Stock Market Records (25)\ NEFE Reading Unit 3 pg 27-42
29	April 15/16	Financial Institutions Transaction Services/Charges, Fees, and other Costs You Can Bank On It Explanation and Work On Computer Lab	PP (20) Financial Institutions Quiz (30)
30	April 17/18	You Can Bank on It Presentations Reconciling a Checking Account	PP (20) You Can Bank on it Poster (100) Notes on Presentations (60) Reconciling a Checking Account (75)
31	April 21/22	<u>Unit 4: Investment Unit</u> Savings vs. Investing Managing your Cash Investing is like...	PP (20) Unit 3 Money Management Packet (176) NEFE Reading Unit 4 pg 43-58
32	April 23/24	Time Value of Money Rule of 72 Types of Retirement Accounts/ Tax Deferred Accounts Children's Book Explanation	PP (20) Rule of 72 Quiz (20) Investing is like...(20)
33	April 25/28	Chad Foster Video OR Savings and Investing Guest Speaker	PP (20) Chad Foster Video Notes (15)
34	April 29/30	Work on Children's Savings Book and Brochure/ Celebration Rev Computer Lab	PP (20)
35	May 1/2	<u>UNIT 3 & 4 FINANCIAL INST & INVESTING CELEBRATION</u> Stock Market Game Awards	PP (20) <u>Unit 3 & 4 Celebration (96)</u> PP (20) Unit 4 Investing Packet (102) Savings Children Book (150)
36	May 5/6	<u>Unit 5: Housing/ Automobile Unit</u> Buying vs. Renting/Mortgages/ Home Finances	PP (20)
37	May 7/8	Mortgage Guest Speaker OR Mortgages	PP (20) <u>Book Report Due (150)</u>
38	May 9/12	Buying vs. Leasing/ Car Loans Researching an Automobile/Shopping for an Automobile Computer Lab	PP (20)
39	May 13/14	Consumer Protection Laws & Different Agencies Rights and Responsibilities of Buyers and Sellers Consumer Product Research Computer Lab	PP (20)
40	May 15/16	Finish Consumerism/Decision Making	PP (20)
41	May 19/20	Wise Shopping Practices Evaluating Convenience/ Unit Pricing/ Food Fight Article Final Study Guide	PP (20)
42	May 21/22	Store Brand vs. Name Brand	PP (20) NO LATE WORK ACCEPTED AFTER May 23 @ 2:45PM!!!
43	May 23/27	<u>UNIT 5 & Term End Comprehensive Final- DO NOT MISS!!</u>	PP (20) Shop Till You Drop (100) Unit 5 Housing, Auto, Consumer Packet (393) Westridge- Our Town Project Due (150)
44	May 28/29	Party! Evaluations/ Bind Books (Bring all 5 unit packets)	Financial Literacy Portfolio (100) Term End Participation Points Due!!! Life Savers (EX)
45	May 30	Clean and Celebrate!! GRADUATION & CONGRATS!!! ☺	

Financial Literacy

Day: 1

Unit: Introduction

Topic: Introduction

Journal Question:

Explain Journals

Schedule:

- **Welcome**
- **Announcements**
- **Name Tags with Expectations on Back**
- **Course Disclosure/ Supplies**
- **Room Arrangement/ Buddy System**
- **Teacher Introduction**
- **Getting to Know You**
- **License Plate**

Lesson Plan:

- (5 min) Welcome/ Announcements
 - Introduce Class Subject and Double check Schedules
- (10 min) Name Tags with Expectations on Back
 - Fold hot dog style and write first and last initial with marker
 - Identify 5 expectations they have for course on back of name tag
- (30 min) Course Disclosure/ Supplies
 - Go through course disclosure and have student and parent sign
- (5 min) Room Arrangement/ Buddy System
 - Explain where everything is in the room and pick a buddy for absences, the buddy can take notes and get assignments
- (10 min) Teacher Introduction
 - Introduce myself, give ten questions to ask what they want to know as long as they are appropriate
- (20 min) Getting to Know You
 - Toilet paper
 - Bingo card
 - Find someone
 - Colored Treats
- (10 min) License Plate
 - On half sheet of paper have them write their name, top left corner the top three things they do in their spare time, top right corner, their favorite food, favorite animal, and favorite movie, bottom right corner and symbol or logo that represents them , bottom right corner something that describes them in ten years.

Materials or Supplies:

- **Course Disclosures**
- **Index Cards**
- **Markers/ Crayons**
- **Getting to Know You Color Charts**
- **Treats**
- **1/2 sheet of Cardstock**
- **Teacher Introduction Supplies (Paper bag)**

Financial Literacy

Day: 2

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Needs, Wants, Values

Journal Question:

What do you think is a value and what do you think you personally value?

Schedule:

- Welcome
- Announcements
- Journal
- Pre-Test
- Attitudes about Money/ Premature Affluence
- Needs vs. Wants
- Values

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out PARTICIPATION POINTS
- (30 min) Financial Literacy Pre-Test
 - Pass out Financial Literacy Pre-Test
 - Remind them it is only for extra credit- no stressing- it is a pre-assessment
 - Correct the Test when finished
- (10 min) Attitudes about Money
 - When finished with the test, have the students finish the sentences on Attitudes about Money in their packets
 - Premature Affluence- Too Much Too Soon
- (15 min) Need vs. Want
 - Need vs. Want Activity
 - Stand up and move from one side of the room to the other depending on whether I state a need or a want
 - Define a Need and Want
 - Emphasize that people typically do not go into debt for Needs, rather Wants even though it is simple to understand the difference.
- (35min) **Values**
 - I. *What is a value?*
 - a belief or feeling that something is worthwhile or important.
 - set by the age of 10 years old
 - very important for marriage (10 times more important than love)
 - war and death are the only things that change a person's value system.
 - Give me some examples of values . . . Education, Work, Cleanliness, Service, Sports . . . What is important in your family . . .
 - II. *What influences our value system?*
 - family
 - friends
 - media
 - others (boss, teacher, neighbor)

–religion (another reason same religion in marriage is important)

III. *Why determine your values?*

- better able to face new situations
- you understand yourself better
- better able to make good decisions and set realistic goals
- more confident
- less likely to make decisions based on peer pressure
- more self respect when you follow your value system

IV. *How we spend our **TIME** and **MONEY** determines what we value.*

List 10 things you love to do

- put a star by the five most important
- write a \$ besides those activities that cost money to do them
- put a W besides those activities you do once a week
- put a CH next to those you hope your children will have on their list
- beside each activity write how long it has been since you did the activity.

Sometimes we think we value something but our actions show we don't.

If time, Story: It's Okay Son, Everybody Does It

It's O.K. Son, Everybody Does It

When Johnny was six years old, he was with his father when they were caught speeding. His father handed the officer a 20 dollar bill with his driver's license. "It's O.K. son," his father said as they drove off. "Everybody does it."

When he was eight, he was permitted at a family meeting, presided over by Uncle George, on the surest means to shave points off the income tax return. "It's O.K. Kid," his uncle said. "Everybody does it."

When he was nine, his mother took him to his first theater production. The box office man couldn't find any seats until mother discovered some extra money in her purse. "It's O.K. Son," she said. "Everybody does it."

When he was twelve, he broke his glasses on the way to school. His Aunt Francine persuaded the insurance company that they had been stolen. "It's O.K. Kid," she said. "Everybody does it."

When he was fifteen, he made right guard on the high school football team. His coach showed him how to block and at the same time grab the opposing end by the shirt so the official couldn't see it. "It's O.K. Kid," the coach said. "Everybody does it."

When he was sixteen, he got his first summer job at the grocery store. His assignment was to put the over-ripe tomatoes on the bottom of the box and the good ones on the top where they would show. "It's O.K., Kid," the manager said. "Everybody does it."

When he was eighteen, Johnny and a neighbor applied for a college scholarship. Johnny was a marginal student. His neighbor was in the upper 3 percent of his class, but he couldn't play right guard. Johnny got the scholarship. "It's O.K.," they told him. "Everybody does it."

When he was nineteen, he was approached by an upper classman who offered the test answers for money. "It's O.K., Kid," he said. "Everybody does it."

Johnny was caught and sent home in disgrace. "How could you do this to your mother and me?" his father said. "You never learned anything like this at home." His aunt and uncle were also shocked. If there is one thing the adult world can't stand, it's a kid who cheats.

Modeling is the strongest way that values are taught.

Financial Literacy

Day: 3

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Value

Journal Question:

Define the following? A) Value B) Need C) Want

Schedule:

- Welcome
- Announcements
- Journal
- Values
- Value Auction OR Forced Value Test
- Value Collage

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (5 min) Stand Up for Your Values

Many people think they are sure of their personal value system. However, when people are put on the spot, they sometimes forget about their values and choose to go with the crowd. As I read a statement, if it is an agreement with your values, stand up. If not remain seated. Please be respectful of each other's opinions.

 1. It is important to have a high school diploma.
 2. Girls have as much responsibility to ask guys on dates as guys have to ask girls on dates.
 3. Some of the best nurses and secretaries are men.
 4. College is the best thing to do after high school.
 5. Having a job that you like is more important than how much money you make.
 6. Women are equal with men in most things.
 7. It is nice for a man to hold the door open for a woman.
 8. Steady dating limits the number of friendships you develop.
 9. It's okay for girls to cry in order to get what they want.
 10. Parents usually understand, if you give them a chance.
 11. It is important to get good grades in school.
- (5 min) Review Values and Definitions
- (35 min) Forced Values Test or Value Auction
- (Rest of Class) Value Collage
 - Explain Value Collage and show examples

Directions:

- Create a collage to represent personal values, goals, need and wants.
- The Collage can be made from the following materials: magazines, photographs, pictures, articles, writings, poems, stories, quotes, drawings, cartoons.
- Construction paper will be provided, but you are welcome to think outside the box and use something 3Dimensional.

The collage should include the following elements. Each item has to be labeled as the intended element.

a. Full name

- b. Five values
- c. A personal short-term goal
- d. A personal long-term goal
- e. Five wants
- f. Five needs

On the back of the collage, write a short but correct sentence explaining each of the elements.

Be creative; put some thought into this assignment. It is worth lots of points so make it neat and worth it. It is not something that can just be thrown together. Remember to make it something that truly represents you.

- If time, allow students to work on it

Forced Choice Values Test

Please rank the following values in order of importance to you. One being the most important to twelve being the least important.

Rank

- | | |
|-----------|--|
| _____ 1. | Security. To be reasonably sure about the future for myself. |
| _____ 2. | Influence. To have influence with people. |
| _____ 3. | Recognition. To have people think well of me. |
| _____ 4. | Helpfulness. To do things for my family and others. |
| _____ 5. | Freedom. To have as much freedom as possible. |
| _____ 6. | New Experience. To do new and different things often. |
| _____ 7. | Friendliness. To have friends. |
| _____ 8. | Family Life. To have a satisfying family relationship. |
| _____ 9. | Religion. To do what is right according to my beliefs. |
| _____ 10. | Orderliness. To have things neat and organized. |
| _____ 11. | Wealth. To have as many good things as possible. |
| _____ 12. | Workmanship. To do things well. Value Auction Activity |

OR Value Auction

Each person will receive \$1,000 of play money. You can buy any item on the auction sheet. You must use all of your money. If you don't buy an item on the sheet you must purchase a box at the end of the auction.

When you have bought an item, that money is gone from your budget. If you bid and do not get the item, the money you budgeted can be taken and used on another item of your choice.

Discussion Questions:

1. Consider the \$1,000 as representing your life. It is the total amount of time, energy, strength, that you have available for investing in your values. How did you do?
2. Did you hold back on the auction and spend all your money on something unknown? Do you do that in life?
3. Did you constantly stop short of getting a value item you wanted because you were reluctant to take a risk? Then you ended up with nothing to show for your life?
4. Did you bargain bid and spread yourself so thin that you ran out of resources later, on a more valued item?
5. Did you stick closely with the amount budgeted?

Value Auction

Item	My Bid	Sold For	Sold To
To Travel Around The World			
To Never Be Sick			
To Be Extremely Smart			
To Be a Famous Sports Star			
To Be Beautiful			
To Be President of the United States			
To Have A Great Looking Body			
To Be a School Teacher			
To Graduate From a Famous College			
To Help Underprivileged Children			
To Be A Doctor			
To Be A Successful Politician			
To Raise Happy/Successful Kids			
To Be A Successful Artist			
To Live A Long Life			
To Own Whatever Car I Would Like			
To Marry A Good Looking Person			
To Have A Successful Business			
To Live In A Beautiful House			
To Be Liked By Everyone			
To Be A Famous Movie Star			
To Have A Great Relationship With My Parents			
To Have A Lot Of Close Friends			
To Be Happy In Life			
To Be A Millionaire			

Materials or Supplies:

- Value Auction Money
- Value Auction Cards
- Value Collage Examples
- Paper
- Scissors
- Glue
- Magazines

Financial Literacy

Day: 4

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Goals and Life Cycle of Financial Planning

Journal Question:

What is a goal?

Schedule:

- Welcome
- Announcements
- Journal
- Goals
- SMART Financial Goals
- Life Cycle of Financial Planning

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
 - (85 min) **Goals**
- I. Introduction: Think of someone you think is successful. What does it mean to be successful? What characteristics do these people have?
- set goals
 - positive attitude
 - positive self esteem
 - gets along well with people
 - keeps trying even though they fail
 - committed
 - hardworking
 - overcomes obstacles
- II. Examples of Successful People

Louisa May Alcott—told by an editor she could never write anything with popular appeal.

Thomas Edison—told by his first grade teacher that he was too stupid to learn and mother withdrew him after three months in school. He said, "I haven't failed. I've just found 5,000 ways that won't work.

Beethoven—was told by his music teacher that he was hopeless as a composer.

Walt Disney—was fired by a newspaper editor because he had no good ideas.

Mark Twain, Charles Dickens, Claude Monet—never finished grade school.

Babe Ruth hit 714 home runs, but he also struck out 1,330 times.

Tom Cruise, Bruce Jenner, Cher-all had learning disabilities.

Abraham Lincoln—He failed in business in 31; he was defeated for the legislature in 32. He failed again at business in 33, and he was elected to the legislature in 34. He ran for speaker in 38 and lost; he ran for a place in the Electoral College in

40 and lost; he ran for congress in 43 and lost. In 46 he was elected to Congress; but in 48 he was defeated. In 55 he ran for the Senate and lost; he was defeated for Vice President in 56; and he lost another Senate election in 58. Not much of a record, it is? Who would blame a fellow for giving up after all that? Nobody. Nobody because nobody would ever have heard of him. If he had not pushed ahead, if he had not entered another election, if he had not tried again, nobody would have cared. But he did run again and in 1860 Abraham Lincoln was elected president of the United States. His dream came true because he wouldn't quit.

IV. Goal Setting Terms

1. Long Term Goal—takes years to achieve. Gives a sense of direction.
(Happy Marriage, Being Educated)
2. Intermediate Goals—stepping stone to long term goals
(Getting Married, Graduating from College)
3. Short Term Goal—goals that can be reached within a year
(New Years Resolutions—get a date, pass your class)
4. Incidental Goals—minor in importance, things you do every day.
(Flirt, go to class . . .)

V. Optional Activity: Mind Power (Activities That Teach)

Discussion:

1. How many were able to make the washer follow my commands?
2. What made it difficult to accomplish?
3. How many of you talk to yourself?
4. What kind of things do you say to yourself?
5. What is more important, what others say about us or what we say about ourselves?

If you can dream it you can achieve it . . .

VI. Financial Goals

The first step in financial planning is to set some financial goals. These goals should include the following elements:

1. **Specific.** State exactly what is to be done with the money involved.
Example: I plan to save for a down payment on a new car.
2. **Measurable.** To make a goal measurable, write the exact dollar amount the goal is for.
Example: I plan to save \$5,000 for a down payment on a new car.
3. **Attainable.** To make a goal attainable, determine how the goal can be reached, which is often determined by an individual's budget.
Example: I plan to save \$5,000 for a down payment on a new car by saving \$200 from every pay check.
4. **Be realistic.** Do not set the goal for something unattainable or realistic. If a person is working and barely meeting their immediate needs, saving \$5,000 for a new car is not something they can afford.
5. **Time Bound.** To make the goal time bound, specifically state when the goal need to be reached. This is influenced by how attainable the goal is. You would have to save for about 2 years to reach \$5,000.

Final Goal Statement: I plan to save \$5,000 for a down payment on a new car by saving \$200 from every paycheck for two years.

Overhead: What is Missing

1. Attainable 2. Measurable 3. Specific 4. Time Bound 5. Realistic

VI. S.M.A.R.T Goal Assignment (Performance Assignment)

Identify two personal goals and one financial goal using all 5 elements of the Smart Goal Setting Process. One must be a short term goal which means you could accomplish it during the school year. One must be a long term goal and the other goal can be your choice.

VII. Life Cycle of Financial Planning

- Using the Overheads, go through the three different phases of financial planning
 - Wealth Protection
 - Wealth Accumulation
 - Wealth Distribution
- Talk about the Financial Risk Pyramid and how it ties to financial Planning
- Use the age group posters hanging around the room to have students brainstorm what their needs would be at that age and what they would need to plan for during that age. Discuss results.

Materials or Supplies:

- Overheads
- Smart Signs
- Age Group Posters
- Dry Erase Markers
- Paper Towel to erase
- Tape

Financial Literacy

Day: 5

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Our City

Journal Question:

What is the difference between a long term goal and a short term goal?

Schedule:

- Welcome
- Announcements
- Journal
- Binder Check
- Correct Smart Goals Assignment
- Westridge Introduction
 - Introduction to city – need calculator
 - Pick
 - 1st occupation
 - 2nd Family Scenario
 - Budget Income
 - 3rd Purchase Home
 - Explain Briefly on Insurance
 - 4th Health insurance
 - 5th Homeowners insurance
 - 6th Auto insurance
 - Explain chance card log
 - Create Checks
 - Examples
- Value Collage Due

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (85 min) Introduce City of Westridge

Fill in information according to your cards you will be receiving

Occupation Income:

Occupation: _____ My Annual Income: _____

Annual income _____ / 12 = Monthly Income _____

Gross Monthly Income: _____ - Taxes (24%) (Income _____ X .24) _____

= Net Monthly Income _____

Family Scenario:

Marital Status: Married or Single

Husband Age: _____ Wife Age: _____ Married for: _____ years

Children:

Gender	Age	Name	Gender	Age	Name

Home/Apartment:

Address: _____ Westridge City, UT 84015

Square Footage: _____ Bedrooms: _____ Bathrooms: _____ Acres: _____

House Price: \$ _____ Monthly House Payment: \$ _____

Insurance:

O Homeowners:

Producer: _____ Policy #: _____

Rating: _____ Annual Premium: \$ _____ Monthly Premium: \$ _____

Deductible: \$ _____ Coverage: _____

O Automobile:

Producer: _____ Policy # _____ Type: Liability or Comprehensive

Annual Premium: \$ _____ Monthly Premium: \$ _____

Deductible: \$ _____

O Health:

Producer: _____ Policy #: _____

Plan Name: _____

Monthly Premium: \$ _____ Deductible: \$ _____ Co-Insurance: \$ _____

Primary Care Provider Co-Pay: \$ _____ Specialty Care Provider Co-Pay: \$ _____

Max Out of Pocket: \$ _____

Materials or Supplies:

- Overheads
- Westridge Cards
 - Occupations
 - House
 - Family Scenarios

Financial Literacy

Day: Optional 5

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Introduction to Stock Market

Journal Question:

What is the stock market?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Binder Check**
- **Correct Smart Goals Assignment**
- **Stock Market Vocabulary**
- **Language of the Stock Market Lecture**
- **Value Collage Due**

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (15 min) Correct Smart Goals Assignment
- (25 min) Go through Stock Market Vocabulary
- (45 min) Language of the Stock Market Lecture
 - Using the PowerPoint go through the Language of the Stock Market and have students take notes

Materials or Supplies:

Financial Literacy

Day: 6

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Our City Review, Introduction to Stock Market

Journal Question:

NEFE Unit 1 pg 1-14 Quiz

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Explain Chance Card Log and Amortization**
- **GFL Foldable**
- **Introduction to Stock Market Vocabulary**
- **Begin on Stock market Presentations**

Our City Westridge:

Explain:

- Chance Card Log
- Amortization

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (15 min) Explain Chance Card Log and Amortization for Westridge
- (45 min) General Financial Literacy Foldable
 - Refer to Instructions and Example
 - Will be filled out throughout the entire semester- can possibly be used on the celebrations- up to teacher's discretion.
- (Rest of Class) Stock Market Vocabulary and Introduction

Materials or Supplies:

- GFL Foldable Supplies
- Glue Sticks
- Scissors
- Stock Market Vocabulary

Financial Literacy

Day: Optional 6

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Stock Market

Journal Question:

What is a) Amortization b) P, I and N c) the two parts of a loan

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Westridge Checks / Binder**
- **Review Stock Market Terms**
- **Stock Market Term Quiz**
- **Stock Market Article**
- **Notes / Presentations Develop**

Our City Westridge:

Remember to complete checks!

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (10 min) Quick Binder and Westridge Checks Check
- (10 min) Review Stock Market Terms
- (30 min) Stock Market Term Quiz
- Stock Market Article by NASDAQ OR
- Language of the Stock Market Power Point Presentation with Note guide
- (Rest of Class) Prepare Stock Market Article Presentations to Present Next time in class

Materials or Supplies:

- Posters
- Markers
- Language of Stock Market Article
- NASDAQ Stock Market Article

Financial Literacy

Day: 7

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Stock Market

Journal Question:

Quiz – Introduction to Personal Finance # 1-10

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Westridge**
- **Finish Preparing Stock Market Presentations**
- **Stock Market Presentations**

Our City Westridge:

Checks Due

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (10 min) Westridge
- (15 min) Finish Preparing Stock Market Presentations
- Stock Market Presentations- (2-3 minutes each) OR
- Finish Language of the Stock Market Power Point Presentation with Note guide
- (Rest of Class) Prepare Stock Market Article Presentations to Present Next time in class

Materials or Supplies:

- **Posters for Groups**
- **Stock Market Articles**

Financial Literacy

Day: 8

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Stock Market

Journal Question:

A Stock Market IQ Quiz

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Finish group presentations**
- **A Stock Market IQ Quiz**
- **Introduce Parent Companies with Cards**
- **How to Read a Stock Table**
- **Introduce Stock Market Game**
- **Computer Lab**

Our City Westridge:

1st Pay Day! Net Monthly Income Deposited

1st Mortgage/ Rent

1st Homeowner's Insurance

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (15 min) Finish Stock Market Presentations
- (15 min) Introduce Parent Companies with Cards
 - Have parent companies hanging around the room
 - Deliver Cards to students as they walk in
 - Have students identify what parent company their company belongs to
 - Explain that is how you buy stock, it is typically parent companies you need to look for.
- (15 min) How to read a Stock Table pages 29 and 30 in Unit 1 packet
 - Go through the different definitions of stocks and what to look for when purchasing stock
 - Use the newspaper clipping to help answer the questions from the stock table
 - KEY THINGS TO REMEMBER TO TALK ABOUT:
 - Explain Stock Market Print out
 - Yahoo – Finance
 - Know Ticker Symbol
 - 1.23, NYSE
 - 2.3, AME4
 - 4 NASDAQ
 - Look at Share price

- Look at 52 wk range
- P/E ration
 - 8-10 stable
 - 15-25 Growing
 - 30-40 Speculative

➤ (Rest of Class) Introduce Stock Market Game and Instructions

Step 1: Go to www.bankhs.com

Step 2: click on Students in the top right corner

Step 3: click on Try our New Stock Market Simulator

On the right hand side click on register now.

Under name: put your period first, the first initial, then full last name.

Example. 3CSunderland

Your Period:_____ First Initial:_____ Last Name:_____

Enter it in, and then click on register. You will then be given a log in.

MAKE SURE AND WRITE THEM DOWN AS YOU WILL NOT BE ABLE TO RETRIEVE THEM!!!

Write Down the Following Right NOW!!!

Account # _____ **ex. US731537**

Password: _____ **ex. 2503**

Step 6: Purchase at least 8 different stocks.

1st Pick a company you want to invest in

2nd Look up ticker symbol- you can look up commonly used ticker symbols on the right side of bankhs

3rd Research the stock to see if it is a good move

4th Purchase the stock- give at least a day to have it load and show purchased

To Purchase the stock:

- Select a "What type of trade will this be?" *Most of the time you will buy to open or increase a long position.
- Select the number of shares you want to buy *At least 100 shares
- Enter the Ticker Symbol that you looked up.
- Click Preview
- On the next screen click Place Order and write down the confirmation number

You will be required to print off your account summary on the following dates.

Dates to make sure and print off the report:

1st _____

2nd _____

3rd _____

4th _____

Summary and Final Report Due _____

You must also include your account ranking, which has your ranking number and the total equity in the account.

The purpose of this game is to practice buying and selling stocks as well as watch your stocks gain or loose over the course of two months.

The person ranked the highest in the class will receive 1st place prize, award and certificate. There will also be a 2nd and 3rd place winners. Good Luck!!!

- Go to Computer Lab so students can register and begin buying stock.

Materials or Supplies:

Parent Companies and Cards

Overheads

PowerPoint

Financial Literacy

Day: 9

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Stock Market Review

Journal Question:

List and describe three different types of stocks.

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Finish Stock Market**
- **Pit or Computer Lab**

Our City Westridge:

5th Health Insurance

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (15 min) Finish Stock Market
 - Review terms
 - Finish anything else that needs to be covered
- (Rest of Class) Pit
 - Play Game of Pit
 - Have students fill out questionnaire as they play the game

Materials or Supplies:

- Pit

Financial Literacy

Day: 10

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Advertising

Journal Question:

Reading the Financial Page Quiz

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Correct Quiz on Reading Financial Page**
- **Advertising**
 - **Slogans**
 - **Media Quiz**
 - **Notes**
- **Article Evaluation**
- **Design Your Product**

Our City Westridge:

Chance Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- Assign students to take personality mosaic test for homework and explain how to score it and record it
- (15 min) Advertising
 - I. Introduction: Have students Take Media Quiz then go through answers as a class
 1. What percentage of American children have television sets in their bedrooms?
 - A. 15%
 - B. 25%
 - C. 40%
 - D. 65%

Answer: D. Children who have a TV in their bedrooms watch an average of 5 ½ hours more per week than children who do not.
 2. The average American seventh grader
 - A. watches 3 hours of TV per day.
 - B. Listens to three hours of music per day
 - C. Surfs the internet and communicates via e-mail three hours per day.
 - D. Plays video games three hours per day.

Answer: A. The average U.S. child will have spent seven to ten years watching television during their lifetime.

3. Excessive TV viewing has been linked to
 - A. Nearsighted vision
 - B. Obesity
 - C. Attention Deficit Disorder
 - D. Fine Motor Skill Impairment

Answer: B

No studies have conclusively demonstrated a link between TV viewing and attention deficit disorder, although research in this area continues. Excessive TV viewing has been linked to obesity, and may lead to decreased school achievement, poor body image, increased aggression, and increased risk of substance abuse.

4. By age 18, the average U.S. child's TV viewing has included 16,000 of these:

- A. Beer Commercials
- B. Sexually Explicit Scenes
- C. Murders
- D. Infomercials

Answer: C. Not just 16,000 murders, but over 200,000 acts of violence.

5. In the top 20 TV shows among teen viewers, the average number of scenes per hour with sexual content is:

- a. 1 scene per hour
- b. 3 scenes per hour
- c. 5 scenes per hour
- d. 6 scenes per hour

Answer: C

You are bombarded with advertising – 1500 messages a day. How well do you know the following products and their slogans.

- Using Note guide sheets and overheads go through the following:

II. Three Categories of Advertising

- A. Periodical—ad found in newspapers, magazines, and directories
Examples: supermarket, furniture stores, classified ads
- B. Mass—T.V., and radio, billboard ads on buses, store windows, internet.
- C. Direct—select group of potential buyers through the mail.
Examples: letters, catalogs, calendars, e-mail

III. Advertising Techniques (Show examples of laminated advertisements)

- A. Status/Success. You have made it if you use this product.
(Successful business man, drives nice car, lives in an expensive house)
- B. Hero Endorsement. If you use the product you will become like the well known person. (Michael Jordan, Brittany Spears)
- C. Sex Appeal. Members of the opposite sex will fight over you.
(Gum, Perfume, Hair Products, Nair)
- D. Entertainment. Associates the product with something you enjoy.
(Beach, Parties, Mountains)
- E. Testimonial. Weight Loss is most popular.

IV. Gimmicks and Tricks

- A. Bait and Switch. Most widely used. Designed to get you into the store by advertising area bargain. You find it isn't available and then they try and sale you a higher priced item.
- B. Negative Option. Books and CD Clubs. They send you products and if you don't send them back within a short period of time you have to purchase them.
- C. Supermarket Specials. Place items at the end of the aisle, want you to come into the store often because you will buy more.

D. Scientific/Numerical Claims. 4 out of 5 dentists, or PH Balance. Sound good but difficult to prove.

V. Evaluating Advertising

- A. Beware of Unreasonable Claims
- B. Read the Fine Print
- C. Report False Advertising to BBB or FTC (Federal Trade Commission)

- (10 min) Advertising Quiz: Have the Students take the advertising test, remind them that this is the one time it will pay in school to have watched television 😊

ADVERTISING –KEY

One test of successful marketing is how well consumers remember and recognize product slogans. See if you can match the following slogans with the company or product.

- | | |
|--|----------------------|
| 1.Eat great even late –C | a. Ford |
| 2.Hot eats cool treats-X | b. Masseys |
| 3.Neat stuff neat store-R | c. Wendy's |
| 4.A diamond is forever-B | d. Dodge |
| 5.Built tough-A | e. Coca Cola |
| 6.Like a rock-S | f. Pringles |
| 7.Like a good neighbor-V | g. Carl's Jr. |
| 8.Its everywhere you want to be-N | h. Eyeglasses |
| 9.I want my baby back-l | i. Chilis |
| 10.When you need it fast-M | j. Smiths |
| 11.Always-E | k. Big Red |
| 12.Market fresh everyday-J | l. All state |
| 13.Once you pop the fun don't stop-F | m. Quick Loan |
| 14.It looks good on you-K | n. Visa |
| 15.Double your pleasure double your fun-W | o. MasterCard |
| 16.We love to see you smile-Q | p. Albertsons |
| 17.Some things are priceless for everything else-O | q. McDonalds |
| 18.Don't bother me I'm eating-G | r. Shop Ko |
| 19.America's Best-H | s. Chevrolet |
| 20.It's your store-P | t. Murdock Chevrolet |
| 21.UR the heart of our business-T | u. Rice-a-roni |
| 22.You're in good hands-L | v. State Farm |
| 23.The San Francisco Treat-U | w. Doublemint Gum |
| 24. Different-D | x. Dairy Queen |

- (Rest of Class) Advertising Product
- Have the students design a product out of play dough and create an advertisement for this product on an 8X11 sheet of paper from their advertising firm
 - The goal is to be the most popular and creative product
 - We will have a class vote on this, be creative, catchy, and professional

Materials or Supplies:

- Advertisements
- Play dough
- Markers
- Paper

Financial Literacy

Day: 11

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Careers

Journal Question:

NEFE Unit 2 Quiz Pg 14-24

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Interpreting Personality Mosaic**
- **Pick Career**
- **Computer Lab Career Research**

Our City Westridge:

Groceries

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (15 min) Interpreting Personality Mosaic Test that they took as homework
- OR Personality Mosaic Test
 - Page 25-28 in Unit 1 packet
 - Explain how to score the test using page 39 "Scoring Answers for the Personality Mosaic Test" in Unit 1 packet
 - Complete the "Personality Mosaic Career Options" on page 40 in Unit 1 packet
 - Have the students pick a career that they found from the result or one that is of interest to them
- (Rest of class) Computer Lab: Career Research Project

Use the information from the Bureau of Labor Statistics Occupational Outlook Handbook Web site to research information about a chosen career. To access it, go to the BLS Web site at <http://www.bls.gov>, find "Occupations" on the left side, and selection "Occupational Outlook Handbook. Type up each question with your answers.

CAREER: Pick Career from your personality mosaic test, remember you will also be catering a cover letter, resume, and thank you letter to this career

SALARY:

1. What is the range for median (average) annual earnings? (1)
2. Identify two factors which could affect earnings. (2)
For example, a teacher can boost his/her salary by earning a master's degree.
- 1.
- 2.

EDUCATIONAL REQUIREMENTS:

3. What kind and how much education is needed for this career? (2)
4. Are any special licenses or certifications required to work in this field? If so what are they and what is required to earn them? (2)
5. Is there any opportunity for advancement within this career? If so, what and how? (2)
6. What are two personal characteristics or abilities required for an individual to work in this career area? (2)
For example, a teacher must have excellent communication skills.
 - 1.
 - 2.

JOB DESCRIPTION:

7. Identify five tasks a person in this career would perform in day-to day activities. (5)

WORKING CONDITIONS:

8. Identify at least three different working condition characteristics of this career? (3)
For Example, a dentist works four to five days per week and sometimes evenings and weekends.
 - 1.
 - 2.
 - 3.

OCCUPATIONAL OUTLOOK:

9. What are the current employment statistics about this job? (1)
10. What does the job outlook project job openings will be in the future? What justification does the job outlook have when projecting its findings? (2)

RELATED CAREER:

11. Identify at least one related career. (1)

ESSAY:

12. Do you think this would be a good career for you? Explain why or why not. (7)

Materials or Supplies:

Financial Literacy

Day: 12

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Careers

Journal Question:

What is the difference between a Career and Job?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Bring CD-RW next time**
- **End of Rainbow**
- **Job Outlook**
- **Traits of Successful Workers**
- **Definitions**
- **Cost of Living**
- **Developing Career Portfolio**

Our City Westridge:

15th Power Bill

15th Auto Payment

20th Gas Bill

20th Automobile Insurance

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS & **Bring CD-RW NEXT TIME!!!**
- (15 min) Introduction: End of the Rainbow Activity and Investment in Yourself

Invest in Yourself Discussion: (You can use jelly beans or the laminated cards in the envelope)

Ask students to stand up. Everyone standing represents the people who start high school. This activity will show the different paths people can choose during their lifetime and different results.

Ask the following students to be seated:

Orange (6)

These people represent 19.6% of the U.S. population who did not graduate from high school or earn a GED. On average, they earn \$16, 234 per year.

Red (8)

These people represent 28.6% of the U.S. population who graduated from high school and earned a GED. On average, they earn 24,885 per year.

Green (6)

These people represent 21.0% of the U.S. population who dropped out of college without finishing a degree. On average, they earn \$28,264 per year which is only a little more than high school graduates.

Yellow (3)

These people represent 6.3% of the U.S. population who received their associate degree. On average, they earn \$33,644 per year.

White (6)

These people represent 15.5% of the U.S. population who completed their bachelor's degree. On average, they earn \$48,892 per year, which is almost twice what high school graduates earn.

Black (3)

These people represent 8.9% of the U.S. population who have completed their graduate or professional degree. On average, the master's degree earns \$63,205 per year, the doctorate degree earns \$86,036 per year. Those who receive a doctor or lawyer degree earn almost twice what a bachelor's degree earns.

- (10 min) Job Outlooks (Overheads)
- (10 min) Traits of Successful Workers
 - Briefly go through some traits of successful workers
- (10 min) Job Offer Checklist
 - Go through the definitions using the overheads on page 46 in the Unit 1 packet
- (25 min) Cost of Living
 - Explain the cost of living equation and using the cost of living index
 - Go through cost of living equation practice on page 49 in Unit 1 packet
 - Have students work on comparing job offers on page 47-48 in Unit 1 packet
- (If time) Jobs I like or dislike
 - On a piece of paper, divide into two sections
 - On one column, make a list of jobs that they would like to do
 - On the second column, make a list of jobs that they would dislike to do
 - Alternate, use classified ads with job descriptions and have the students physically cut out 2-3 help wanted ads that they would like to do and not like to do.

Materials or Supplies:

- **Jelly Beans or Laminated Cards**
- **Overheads**

Financial Literacy

Day: 13

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Career Portfolio

Journal Question:

What does investing in yourself mean?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Check for CD-RW**
- **Review career portfolio – CD-RW**
 - **Cover letter**
 - **Resume**
 - **Thank you**
- **Computer Lab**

Our City Westridge:

1st Pay Day! Net Monthly Income Deposited

1st Mortgage/ Rent

1st Homeowner's Insurance

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS & **Bring CD-RW NEXT TIME!!!**
- (10 min) Check for CD-RW
Have students label their CD called "Career Portfolio, Your Name, Period"
- (30 min) Explain Cover letters, Resume, Thank you letters
 - Go through the different types of resumes
 - Explain you have 30 seconds with resumes
 - Formats for Cover letters & Thank you

Explanation of Career Portfolio

Instructions: You will be creating a cover letter, resume, and thank you letter on a CD-RW so that you can access and alter at anytime you want.

A couple of important things to remember:

- ✓ Please save the document in Microsoft word as "YourNameCareerPortfolio.doc"

- ✓ You will also need to print out 2 copies of each (the cover letter, resume, and thank you letter). Please paperclip the 2 copies together in a set. These copies are due on: _____
- ✓ You will be turning in one set with your CD-RW. Please label your CD-RW "Career Portfolio" Your Name, Period with permanent marker on the actual CD as well as on the cover of the CD.
- ✓ Please use the resources I have given you to develop an effective resume.
- ✓ Put some time and effort into this. Have people proofread it, modify it, and give suggestions.
- ✓ Remember to always use ACTION WORDS!!!
- ✓ Resume should be done in the functional format

- (Rest of Class) Work on Rough Draft
 - Hand out Career Portfolio Booklets to help students begin working on their portfolio
 - Work on Level I Resume Worksheet on page 53-55 in Unit 1 Packet

Materials or Supplies:

- **CD-RW's for the class**
- **Career Portfolio Booklets with Examples**
- **Overheads**

Financial Literacy

Day: 14

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Careers

Journal Question:

What do you think are some qualities of successful employees?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Computer lab – 5th floor**
 - **Work on cover letter, resume, and than you**
- **Language of Stock Market (if needed)**

Our City Westridge:

5th Health Insurance

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS & **Bring CD-RW NEXT TIME!!!**
- (10 min) Review Instructions for Career Portfolio
 - Save everything on your "H" Drive under "YournameCareerPortfolio.doc"
 - Have students label their CD called "Career Portfolio, Your Name, Period"
- (30 min) Go to the Computer Lab
 - Complete a Cover letter, Resume, Thank you using the provided booklet and template
 - Save on H drive
 - Print off two copies of everything!
- (0 min) Language of Stock Market
 - Read pgs 22-28 answer 19-21 in your Unit 1 packet

Materials or Supplies:

Financial Literacy

Day: 15

Unit: 1 Financial Planning, Goal, Decision Making

Topic:

Journal Question:

What is the P/E ratio for:

- a) Stable Companies (7-10)**
- b) Growing Companies (15-25)**
- c) Speculative Companies (40-50)**

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Correct Language of Stock Market**
- **Resume Trade**
- **Interview Tips**
- **Professionally you**

Our City Westridge:

Chance Card/ Expense Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (10 min) Correct Language of Stock Market
- (20 min) Interview Tips
 - Refer to page 60 in your packet on things to do before, during and after the interview
 - Go through possible common interview questions on page 62 in your Unit 1 packet
- (30 min) Resume Trade
 - 1st Format- trade with table partner, fix according to format
 - 2nd Spelling- trade with row in front, fix according to spelling and add actions words

Resume Tips

- Keep 1" Margins all the way
- Do not use weird font- stick with (Helvetica, Times, Arial)
- Don't abbreviate
- Make it look good---spacing is huge!
- Keep it consistent!!!

Your Name
Address
City, State, Zip Code
Phone Number – Email Address

Objective

Education

High School Diploma, Bountiful High School, Bountiful, Utah, June 2008
Course Work:

Work History

Food Service Worker, McDonald's, Bountiful, Utah, May 2005- April 2007
Responsibilities:

Skills

- Organized
 - Give action words and supporting detail.
- Work Ethic
- Leadership
- Customer Service

Awards

Volunteer Work

References

Available upon request

- (Rest of Class) Computer Lab
 - Fix the corrections from peers on your career portfolio which is saved on your "H" drive
 - Once they are fixed, burn on your CD-RW and PRINT off one copy of the entire Career Portfolio
- (Rest of Class) Professionally You
 - Using the Professionally You Booklet, answer the questions on page 59 in your Unit 1 packet

Materials or Supplies:

- **Red Pens**
- **Computer Lab**
- **Professionally You Booklet**

Financial Literacy

Day: 16

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Careers

Journal Question:

List three things you have learned during Unit 1.

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Correct Language of Stock Market(if needed)**
- **Mr. Holland's Opus or Rudy**
- **Turn in CD-RW with Career Portfolio and 2nd report**
- **Celebration Next time! (1 page Notes)**

Our City Westridge:

Groceries

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (10 min) Pass out Video Guide Sheets
- (Rest of Class) Watch either Mr. Holland's Opus or Rudy
- Can use 1 page of hand written notes on the celebration

Materials or Supplies:

- **Movie**
- **Movie Guide**
- **Popcorn**
- **Popcorn Bucket**
- **Napkins**

Financial Literacy

Day: 17

Unit: 1 Financial Planning, Goal, Decision Making

Topic: Unit 1 Financial Planning, Goal, Decision Making Celebration

Journal Question:

What is the difference between a career and job?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Questions / Review**
- **Celebration**
- **Turn in packets and movie paragraph**

Our City Westridge:

15th Power Bill

15th Auto Payment

Chance Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (10 min) Review for Celebration, ask questions
- (5 min) Pass out Unit 1 Financial Planning, Goal, Decision Making Celebration and explain how to fill out test
 - Do not write on test
 - Do not cheat
 - After test, place test at front and quietly read or work on assignments
 - On your own sheet of paper write
 - Name
 - Date
 - Period
 - Test #
 - Test A or B
 - Title
- (70 min) Unit 1 Financial Planning, Goal, Decision Making Celebration
- (0min) If time, Correct Unit 1 Financial Planning, Goal, Decision Making Celebration, out of 105 points
- Turn in Unit 1 Packet and Movie Guide Sheet

Financial Literacy- Test A
Unit 1: Values, Financial Planning, Goal Setting & Decision Making
Celebration

Instructions: Before you begin, take three deep breaths holding each for three seconds. Please write your answers on your own sheet of paper. Draw a smile at the top of your page by your name, date, period, test, and test number for 5 points extra credit. Enjoy celebrating all that we have learned.

I. Matching (1 point each/ 26 points)

Group A. Match the following letter to the corresponding number the best matches the definition.

- | | |
|---|---|
| 1. _____ Long Term Goal
2. _____ Intermediate Goal
3. _____ Short Term Goal
4. _____ Incidental Goal | a. Something that takes years to accomplish. Ex. Happily married, being educated
b. Everyday goals with minor importance. Ex. Waking up, going to class
c. Something that can be done within 6 months to a year. Ex. Getting straight A's, doing well on a test, exercising this week, going on a date
d. Something that helps you achieve a long term goal. Ex. Getting married, Graduating from school |
|---|---|

Group B.

- | | |
|---|--|
| 5. _____ An individual who has a variety of investments tools to decrease risk
6. _____ Shares or units of ownership in a public corporation. The share holder has voting rights in the corporation
7. _____ Shares owned by existing stockholders are divided in to a larger numbers of shares
8. _____ Distributions of earnings paid to stockholders
9. _____ How much income a company has available to pay in dividends and reinvest as retained earnings on a per share basis
10. _____ Relationship between the price of one share of stock and the annual earning of the company.
11. _____ A measure of stock's volatility compared too changes in the overall stock market
12. _____ Stock's abbreviated trading symbol name
13. _____ The price of the last share sold for the day
14. _____ Oldest indicator of the ups and downs of the stock market. Lists the 30 leading industrial blue child stocks
15. _____ Tracks the stock market activity for 500 stocks
16. _____ Monitors fast moving technology and financial service stocks. Usually the companies are smaller and transaction occur over an electronic market
17. _____ The oldest and largest exchange with the strictest company standards
18. _____ The second largest exchange with less stringent requirements allowing for younger, smaller companies to be listed. | 19. _____ A person who is licensed to buy and sell stocks, provides investment advice, and collects a commission on each purchase or sale.

a. Stock Ticker Symbol
b. Dividends
c. Common Stock
d. American Stock Exchange
e. Portfolio Diversification
f. Dividends
g. Earnings per Share
h. Stock Split
i. Standard and Poor's 500
j. Index
k. Beta
l. Dow Jones Industrial
m. Broker
n. Close
o. New York Stock Exchange
p. NASDAQ |
|---|--|

q. Price/earning Ratio

Group C. Match the following letter to the corresponding number the best matches the definition.

- 20. _____ Growth
- 21. _____ Income
- 22. _____ Value
- 23. _____ Countercyclical
- 24. _____ Cyclical
- 25. _____ Speculative
- 26. _____ Blue Chip

- A. are companies which give consistent returns even when the economy is suffering because their products are always in demand. The beta is 1.0 or below, even in the negative.
- B. are from nationally recognized companies which dominate the industry often having annual revenue of \$1 billion or more. They have long records of profit, dividend payments, and a good reputation for the company management, products, and services.
- C. are from companies who have a consistent record of relatively rapid growth and earnings in all economic conditions. They are generally new companies expanding their product line by retaining all income and therefore pay no dividends. The beta is 1.5 or higher
- D. are from companies which have a low market price considering their historical earning records and value of current assets. They are often viewed as investment bargains.
- E. are from companies with potential for substantial earning in the future. These stocks are very high risk, but very profitable if the company grows. The beta is 2.0 or higher.
- F. are greatly influenced by changes in the economic business cycle. If the economy is doing poorly, so is the stock. The beta is generally 1.0
- G. pay higher than average dividends because the company chooses to retain only a small portion of its profits. These stocks are attractive to investors who are interested in receiving dividend and are not worried about selling the stock at a higher market price. The beta is less than 1.0.

II. Fill In The Blank (22 points)

Fill in the correct answer by the corresponding number

27. (5 points) What does "SMART" stand for in reference to goal making. Define and explain.

- a. S= _____ : Explanation-
- b. M= _____ : Explanation-
- c. A= _____ : Explanation-
- d. R= _____ : Explanation-
- e. T= _____ : Explanation-

28. (3 points) What are the three phases in a personal life cycle plan?

- 1.
- 2.
- 3.

29.(2 points) _____ are essentials, the basics of life.

30. (2 points) _____ simply increase the quality of living.

31. (4 points) What are the two different types of stock and the main characteristic of each?

- a. _____ : characteristic
- b. _____ : characteristic

32. (2 points) _____ is a general term used to describe all transactions involving the buying and selling of stock shares issued by a company.

33. (2 points) _____ is a share of ownership in the assets and earnings of a company.

34. (2 points) _____ is a type of debt that a company issues to investors for a specified amount of time.
35. (2 points)(3- Parts to the question- a,b,c,): Price to earning ration is the relationship between the price of one share of stock and annual earning of the company. It is the most widely used and critical measure or a stock's price. It represents how much investors are willing to pay for each dollar of a company's earnings. Most companies P/E ration is 5 to 2 Match the following companies to the respective P/E Ratio.
- a. _____ Financial successful companies have a ratio or
 - b. _____ Rapidly growing companies are between
 - c. _____ Speculative companies are
- i. 40-50
 - ii. 15-25
 - iii. 7-10

III. Multiple Choice (2 points each/18 points)

Choose the best answer for the question asked.

36. Book Value is the net worth of a company. Which formula is correct to find the book value
- a. Liabilities-Assets= Book Value
 - b. Assets + Liabilities = Book value
 - c. Liabilities +Assets = Book value
 - d. Assets – Liabilities = Book Value
37. What measures the volatility compared to changes in the overall stock market?
- a. Percentage
 - b. Stock
 - c. Beta
 - d. Time
38. Which of the following is not an **index**?
- a. NYSE
 - b. Dow Jones Industrial Average
 - c. Standard & Poor's 500 Composite
 - d. NASDAQ (National Association of Security Dealers Automated Quotations)
39. Which of the following is not an **exchange**?
- a. NYSE
 - b. NASDAQ
 - c. ALLQ
 - d. OTC
 - e. AMEX
40. What percentage of American children has television sets in their bedrooms?
- a. 15%
 - b. 25%
 - c. 40%
 - d. 65%
41. What index has 28 stocks traded on the NYSE and 2 traded on the NASDAQ?
- a. NYSE
 - b. Dow Jones Industrial Average
 - c. Standard & Poor's 500 Composite
 - d. NASDAQ (National Association of Security Dealers Automated Quotations)
42. The average American seventh grader
- a. Watches 3 hours of TV per day
 - b. Listens to 3 hours of music per day
 - c. Surfs the internet and communicates via e-mail 3 hours per day
 - d. Plays video gamers 3 hours per day
43. By age 18, the average US child's TV viewing has included 16,000 of these
- a. Beer Commercials

- b. Sexually explicit Scenes
- c. Murders
- d. Infomercials

44. Which of the following is not a category of advertising?
- a. Infomercial
 - b. Periodical
 - c. Mass
 - d. Direct

IV. Short Essay (27 points)

45. (2 points) What is the relationship between risk and return?
46. (4 points) List and **describe** two of the five advertising techniques.
47. (2 points) List and **describe** one of the four gimmicks and tricks.
48. (6 points) After reading each scenario, calculate the cost of living in the community equivalent city using the cost of living equation. **Show all calculations. Remember to round to two decimal places.**
- i. George's 2 job offers:
 - a. \$21,000.00, Minneapolis, MN, \$2,400 benefits, 106.1 cost of living index
 - b. \$27,500.00, Omaha, NE, \$1,200.00 benefits, 89.2 cost of living index
 - i. Lucile's 2 job offers:
 - c. \$47,000.00 Seattle, WA, no benefits, 148.2 cost of living index
 - d. \$52,500.00, Juneau, AK, no benefits, 128.6 cost of living index
49. (3 points) What are the three types of resumes?
50. (6 points) a. List the top three most interesting and valuable things you have learned this semester so far.
b. List three items that you would still like to learn throughout the rest of the semester.
50. (4 points) Explain Diversification.

Extra Credit

51. What is one thing you do before, during, and after the interview?

Materials or Supplies:

- **Tests A and B**
- **Key**

Financial Literacy

Day: 18

Topic: Understanding Paycheck & Taxes

Unit: 2 Work and Money

CHANGE SEATS

Journal Question:

What are taxes and what do they provide?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Correct tests if needed**
- **Career vs. Job Notes**
- **Understanding Your Paycheck Lecture**
- **Twister**

Our City Westridge:

Chance Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- If needed, Correct Unit 1 Celebration
- (15 min) Career and Job Notes
 - Have students fill in the information as you go through it on page 4 of their Unit 2 packet

Career and Job Notes

1. **What is the difference between a Job and a Career?**
 - a. Career involves long-range planning.
2. **Define Job:** a past of employment, full-time or part-time position
3. **Define Career:** an occupation or profession, one requiring social training, followed as one's life work
4. **What is earning power?**
 - a. Earning power is the ability to earn money in exchange for work. How much you earn depends on the value of your skills in the marketplace.
5. **Why do people get paid more for one type of work than for another in our society?**
 - a. Depends on the type of training and education one has to acquire to do before they are able to do that type of work.
 - b. An individual's value as a worker – the wage or salary received for a specific job – is related to the skill level and education of the worker, the demand for that work in society, and the availability of qualified workers.
6. **If you have a job now, do you actually take home every dollar that you earn?**
 - a. No, 31% of a person's paycheck is deducted
 - b. For every dollar you spend now, you need to make a \$1.75 to replace it.
7. **Gross income:**
 - a. the total amount a worker is paid before any required or voluntary deductions are made.

8. Net income:

- a. also called “take home pay,” is the amount a person receives when he cashes or deposits his check. It is the remaining amount after deductions are made.

9. What are payroll deductions?

- a. The amount of money deducted from gross pay.

10. What kinds of payroll deductions are taken from your paycheck?

- a. Federal and State Taxes, FICA, Medical Benefits, Retirement
- b. By law, employers must pay taxes deducted from employee paychecks. The most common taxes are federal and state, and sometimes cities have their own local taxes. In addition, employees have to pay a Social Security Tax (FICA), and Medicare tax contribution with each paycheck.

11. What are taxes?

- a. Compulsory charges imposed on citizens by local, state and federal governments for mandatory systematic taxes, employee sponsored medical benefits, and or retirement benefits.

12. What is tax money used for?

- a. Used to provide public goods and services

13. What is an entrepreneur?

Entrepreneur

- a. Willing to take risks
- b. A person who creates a business from scratch.
- c. Self employed
- d. Strong sense of discipline
- e. Be your own boss
- f. Beat the competition

RISKS

- No guarantees
- No regular paycheck
- No boss
- Long hours
- Assume debt of business

REWARDS

- Be your own boss
- Keep profits
- Control
- Satisfaction
- Pursue talent and creativity

14. What is inflation?

- a. An increase in the price of goods and services. A dollar in the future won't buy as much as a dollar today.
- b. Did you know...
 - i. Inflation usually averages between 3% and 4% each year.
 - ii. Inflation has influenced our economy for decades ranging from .5% to 18%.
 - iii. In 1971 a first class stamp cost 8 cents.

➤ (5 min) Understanding Your Paycheck Notes

- Using a PowerPoint, explain the understanding your paycheck terms
- Have students fill out Understanding Paycheck Notes on page 5&6 in their Unit 2 Packet

Understanding Your Pay Check Notes–Key

1. Approximately what percentage of a person's paycheck is deducted?
Approximately 31%
2. What does it mean to say the United States operates on an ongoing payment system?
Taxes are immediately paid on income earned
3. What are the three methods an employer may use to pay his/her employees?
Paycheck, direct deposit, payroll card

4. How does direct deposit work?
Employers directly deposit an employee's paycheck into his/her bank account and send the employee the pay stub.
 5. How does a payroll card work?
A payroll card electronically carries the balance of the employee's net pay
 6. What do taxes provide citizens?
Public Goods and Services
 7. What is the difference between progressive and regressive taxes?
Progressive taxes take a larger percentage of income from high income taxpayers. Regressive taxes remain the same or decrease as income rises.
 8. What services are provided by the Internal Revenue Service?
Collects federal taxes, issues regulations, and enforces tax laws written by the United States Congress.
 9. What two forms must an employee complete when beginning a new job?
W-4 and Form I-9
 10. What does the Form W-4 determine.
Percentage of gross pay which will be withheld for taxes
 11. What is a dependent?
Person who relies on the taxpayer for financial support.
 12. What documentation must be provided to complete a Form I-9.
Documentation which establishes identity and employment eligibility.
 13. What information is provided on the Form W-2?
How much money was earned and paid in taxes throughout the previous year.
 14. What is a pay period?
The length of time for which an employee's wages are calculated.
 15. How is gross pay calculated?
By multiplying the number of hours worked by the hourly rate or dividing the salary amount by the specified time period.
 16. What is net pay?
Amount of money left after all deductions have been taken from the gross pay earned in the pay period.
 17. State taxes assist in providing funding for what within the state?
Government Agencies
 18. What two forms of taxes are represented under the Federal Insurance Contributions Act?
Social Security and Medicare
 19. What does Social Security fund?
Nation's retirement program
 20. What percentage of gross income is deducted for Medicare?
1.45%
- (5 min) Review the difference between Gross and Net Income
 - (Rest of Class) Twister
 - Have the students play the game twister using paycheck and taxes cards located in the box

Materials or Supplies:

- **Overheads**
- **Twister**

Financial Literacy

Day: 19

Unit: 2 Work and Money

Topic: Taxes

Journal Question:

What are the two types of tax systems? What does FICA mean?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Review Paycheck and Taxes Notes**
- **Taxes**
- **Different places to get info, file, and forms**
- **Fill out W-4 / W-2 / 1040 EZ**
- **Twister**

Our City Westridge:

20th Gas Bill

20th Automobile Insurance

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- If needed, Review Paycheck and Taxes Notes
- (25 min) Tax Information
 - Using page 9 in the Unit 2 packet, go through the different types of tax information
 - Use the provided overheads to show examples of the different types of forms
 - W-4, W-2, I-9, 1099-DIV, 1099-Int,

1099-DIV: This is a form that your financial institution will send you if you earned dividends on any investment accounts. Use it to report your dividend income.

1099-INT: This is a form that your financial institution will send you if you earned interest on any accounts. Use it to report your interest income.

- 1040EZ, 1040A, 1040- go through qualifications to use the different forms

1040EZ You may qualify to use Form 1040EZ, the simplest form, if:

- Your taxable income is below \$100,000
- Your filing status is Single or Married Filing Jointly
- You are under age 65
- You are not claiming any dependents
- Your interest income is \$1,500 or less

1040A You may be able to use Form 1040A if:

- Your taxable income is below \$100,000
 - You have capital gain distributions
 - You claim certain tax credits
 - You claim deductions for IRA contributions, student loan interest, educator expenses or higher education tuition and fees
- 1040** If you cannot use either a 1040EZ or 1040A, you probably need to use Form 1040. You must file form 1040 if:
- Your taxable income is \$100,000 or more
 - You claim itemized deductions
 - You are reporting self-employment income
 - You are reporting income from sale of property
- Tax Deadline is April 15th, W-2 forms mailed out by January 31st
 - Explain the different places to do their taxes
 - CPA, Accountant
 - Tax Prepares, ex. H&R Block, Liberty Tax
 - Computer Programs- Turbo Tax
 - Do it Yourself!
 - Explain the different places to file
 - Library
 - Post office
 - Mailed to you
 - Computer Programs & Accountants have forms
 - Online- irs.gov
- (Rest of Class) Tax Forms
- Go through the different tax forms that they could fill out
 - Go through step by step on how to fill out a 1040EZ form
 - Fill out a W-4, Show examples of W-2 Form
 - Fill out 1040EZ
- OPTIONAL (Rest of Class) Twister
- Have the students play the game twister using paycheck and taxes cards located in the box

Materials or Supplies:

Overhead

Tax Supplies

Financial Literacy

Day: 20

Unit: 2 Work and Money

Topic: Taxes

Journal Question:

What are the three different forms used to file taxes? When is the tax deadline?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Tax Review**
- **Tax Simulation**
- **Computer lab**
- **Paycheck and Taxes Quiz**

Our City Westridge:

Chance Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- If needed, Review Tax Information
- (25 min) Tax Simulation
 - Go to the computer lab and use page 10 in your Unit 2 packet as a guide
 - Print out the Microsoft Word Document with your name on it.

Instructions for Tax Simulation:

1. Go to the following website as listed below. (Make sure and type it exactly in order for it to work.)
http://www.irs.gov/app/understandingTaxes/jsp/s_student_simulations.jsp
2. You will be completed the simulation for five individuals. Make sure and read the simulation instructions carefully! You will be able to find the needed information, including various forms, by locating the tab at the bottom of the simulation. Refer to these as needed.
 - ✓ Sim 1: Cicley King
 - ✓ Sim 5: Joshua Bell
 - ✓ Sim 10: Jacob Hastings
 - ✓ Sim 11A: Madison Mailey
 - ✓ Sim 12B: James King
3. You must **complete all steps** in each Module.
4. Copy and paste the last page of the last step of each simulation in to a Microsoft Word Document. When you are finished with the last simulation. **Print off the Microsoft Word Document with your name and period on it.**

- (Rest of Class) Paycheck and Taxes Quiz
 - At the computer lab, if they finish, they can take the Paycheck and Tax Quiz

Materials or Supplies:

- **Computer Lab**
- **Paycheck and Taxes Quiz**

Financial Literacy

Day: 21

Unit: 2 Work and Money

Topic: Identify Theft

Journal Question:

Define the following:

a) W-4 b) W-2 c) I-9 d) 1099-INT

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **ID Example**
- **Identity Theft Video**
- **ID Theft Lecture**
- **Articles**
- **Create ID theft advertisement with articles**

Our City Westridge:

Expense Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (10 min) Identify Theft Introduction

Introduction: Ask students to look through their wallets or purses and find all the information which tells something about who they are.

What information did they find? Name, address, phone number, credit card receipts, driver's license number, insurance card, social security number, paycheck stubs, and banking information (checking, savings account numbers, ATM card, debit card, deposit slips.
- (15 min) Video: Identity Theft
 - a. Show the video from the post office on identity theft
- (30 min) Identity Theft Power Point/Handout
 - Using the PowerPoint go through identity theft
 - Have the students fill in page 11& 12 in their Unit 2 packets as you lecture
 - Make sure and have the students understand the 3 main credit bureaus
- (Rest of Class) ID Theft Articles
 - Have the students create an ID Theft Advertisements using the articles
 - Using the ID Theft Articles. Create an advertisement to prevent ID Theft on construction paper

➤ OR Optional(Rest of Class)Discuss Scenarios

1. Bethany purchased a new pair of shoes from the internet. What steps should she take to ensure her identity was protected while making the purchase?

Bethany should have all the details about the shoes before buying, make sure her purchase is made over a secure line starting with "https" or "shttp", keep proof handy, and research the company to ensure they are reputable.

2. Dana went out to dinner and left her credit card at the restaurant. The next day she called the restaurant and they said they did not have the card. What should she do?

Dana should call and cancel her card immediately and follow up in writing; keep a record of all correspondence, file a police report, contact the 3 major credit bureaus, and file a complaint with the Federal Trade Commission.

3. Jacob has just finished writing bills. What steps should he take to ensure all bills reach their destinations safely?

Jacob should destroy all statements not need and store the rest in a locked file and he should not leave statements lying around. He should deposit mail in a post office collection box or at the post office.

4. Sam purchased a bicycle on credit. When he received his credit card statement, he noticed several charges he did not make. What should he do?

Keep receipts of purchases made with a credit card, file a complain with the credit card company immediately (within 60 days) follow up with writing, keep a detailed record of correspondence, contact the credit bureaus, and contact the Federal Trade Commission.

Materials or Supplies:

Identify Theft Video- from Post Office

PowerPoint

Articles

Construction Paper

Markers

Financial Literacy

Day: 22

Unit: 2 Work and Money

Topic: Insurance

Journal Question:

What is insurance and why would you need it?

OR NEFE Unit 6 Quiz pg 73-84

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Insurance/Disability Quiz**
- **Define Insurance Terms**
- **What Covers That Risk (if time)**
- **Types of Insurance**
- **Insurance Scramble**

Our City Westridge:

1st Pay Day! Net Monthly Income Deposited

1st Mortgage/ Rent

1st Homeowner's Insurance

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (10 min) Insurance and Disability Quiz
 - On page 19-20 of their Unit 2 packet have the students answer the true and false questions
 - Go through the answers and talk about the questions

Insurance Quiz-Key

True/False

1. Within a persons first three years of driving, there is a 50% chance a person will be involved in an automobile accident.
False—There is a 70% chance a person will be involved in an accident in the first three years of driving.
2. Auto insurance is required by law to drive an automobile.
True—Liability is the minimum amount of insurance required by law.
3. Insurance plays a small role in most individual's financial plan.
False—1 in 12 dollars in the U.S. economy is spent on insurance.
4. Most individuals or families can afford health care and medical expenses.
False—Health care costs are extremely high. #1 reason people go bankrupt
5. Most Americans have employer-based health insurance.
True—61% of Americans have employer based health insurance.
6. Life insurance is necessary for everyone.

False—only if you have someone depending on you financially

7. Disability insurance is necessary only for people with disabilities.

False—1 out of 10 people will become disabled before age 65

8. When renting an apartment, the renter should purchase renter's insurance because the owner's insurance will not cover the renters possessions.

True— the landlord is only insuring the building.

How much does the following cost?

- | | |
|--------------------------------------|--|
| 9. Flu Shot \$21.00 | 15. Appendectomy \$10,511.00 |
| 10. Hepatitis B Shots \$75.00 | 16. Leg Fracture \$1,500.00 |
| 11. Preventive Exam \$114.00 | 17. Internal Injury \$26,000.00 |
| 12. Chest Exam \$157.00 | 18. Chemotherapy \$4,000.00 |
| 13. Stitches \$220.00 | 19. Open Wounds \$9,075.00 |
| 14. Tonsillectomy \$4,152.00 | |

Disabilities Notes-Key

True/False

- Families suffer severe financial burdens with a disabled child.
True
- There is a real pulling together and nearly every marriage is strengthened because of a disabled child in the home.
False—85% Divorce, 95% divorce if healthy partner becomes disabled.
- Families find their friends clustering around and eager to share the hardships of a handicapped child.
False
- A mentally retarded child is the hardest handicap for parents to deal with, much more so than a physically disabled child.
True
- It is easier to cope with a mentally retarded girl than a boy.
True
- Parent's may view the birth of a disabled child as a reflection of their own inadequacies.
True
- One problem with raising a disabled child is that the parents may be overprotective of the affected child and neglectful of the other kids.
True
- Some parents may push their other kids to achieve almost as a compensation for the disabled child.
True
- It is easier to accept older disabled children than younger ones.
False
- It is harder on sisters than brothers to have a disabled child in the home as the girls often get a lion's share of the responsibility.
True
- Mother's seem to have the hardest time accepting and dealing with the handicapped child than do fathers.
False

Dealing with a Disability

- A. What are some reactions? **Grief process—denial, shock, anger, depression, sadness, fear, why me?**

- B. What conditions add to the problem? **Money problems, uneducated, more sever more isolated.**
C. Suggestions for dealing with a disability or someone you know who is disabled.

Take one day at a time, treat as normal, good medical insurance, religion, support groups

➤ (20 min) Insurance Terms

- a. Go through the insurance Terms and define them using the overhead
- b. Have students fill in the definitions on page 21 in their Unit 2 packet

Insurance Terms

1. Premium- the total amount of money you pay for insurance
2. Life Insurance- protection against financial loss due to death
3. Dependent- a person who relies on another person for financial support
4. Beneficiary- the person who receives the death benefit
5. Term Life Insurance- covers you for a specific number of years
6. Whole Life- covers policy holders for a life time
7. Deductible- the amount you pay before the insurance company pays the rest
8. Co-payment- small fixed fees for certain services
9. Basic Medical Coverage- pays standard hospital costs
10. Disability- provides payments for people who are unable to work, 2/3 of person's salary
11. Workers Compensation- carried by employers to provide benefits for people who suffer illness or injury on the job
12. HMO (Health Maintenance Organization) - Group who provide series. Go to only HMO doctors
13. PPO (Preferred Provider Organization) - More doctors to choose from. Cost more
14. Home Owners
 - a. Property Coverage- insures against fire, theft, vandalism
 - b. Liability- protect against financial loss if others are injured on your property
15. Renters Insurance
 - a. Actual Cash Value- replaces original cost
 - b. Replacement Costs- what it would cost to replace today

➤ (30 min) What covers that risk

- Using the game pieces have the students match the scenarios to the different types of insurances

➤ (Rest of Class) Types of Insurance

- Read pages 25-26 in their Unit 2 packet and answer the questions on page 23-34

➤ OR Optional (Rest of Class) Insurance Scramble

- On page 22 in their Unit 2 packet

Other Options:

Holland/Italy Analogy

- A. How would you feel?
unprepared, angry, alone, cheated, depressed, shocked
- B. How many know someone with a disability?
Discuss who and what the disability is.

C. David and Susanne Examples

Team Hoyt Video

Dick and Rick Hoyt are a father and son team from Massachusetts who together compete just about continuously in marathon races. And if they're not in a marathon they are in a triathlon—that daunting, almost superhuman, combination of 26.2 miles of running, 112 miles of bicycling, and 2.4 miles of swimming. Together they have climbed mountains, and once trekked 3,735 miles across America.

At Rick's birth in 1962 the umbilical cord coiled around his neck and cut off oxygen to his brain. Dick and his wife Judy were told that there would be no hope for their child's development.

It's been a story of exclusion ever since he was born," Dick told me. "When he was eight months old the doctors told us we should just put him away—he'd be a vegetable all his life. Well those doctors are not alive any more, but I would like them to be able to see Rick now.

Rick now works at Boston College's computer laboratory helping to develop a system codenamed "Eagle Eyes" through which mechanical aids (like a powered wheelchair) could be controlled by a paralyzed person's eye-movements, when linked up to a computer.

Messages from the Video

1. Everyone should be included in every day life.
2. You will have challenges. Your challenges may not be as visible as Rick's but they can be just as hard. A wise man said, "When you meet someone treat them as if they were in serious trouble and you will be right more than half the time."
3. That you can make the best of any challenge that you may be given.
4. While struggling with the challenges in your life look for ways that you can help others—Elizabeth Smart, Lori Hacking, Garret Beardsle

Materials or Supplies:

- **Overheads**
- **What covers that Risk**
- **Team Hoyt Video**

Financial Literacy

Day: 23

Unit: 2 Work and Money

Topic: Bankruptcy

Journal Question:

Define the following:

a) Premium b) Deductible c) Whole Life insurance d) Term Life insurance

What is Bankruptcy?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Review insurance**
- **Bankruptcy Introduction**
- **Nouveau poor**
- **Bankruptcy notes**
- **Bankruptcy article – if true**

Our City Westridge:

5th Health Insurance

6th Communication Bill (Phone/Cell Phone)

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (20 min) Bankruptcy Introduction
 - Using page 27-28 in their Unit 2 Packet
 - Make a list of clothes, personal care products, jewelry, braces, glasses, etc. that you are wearing today and estimate the price of each item.

Discussion:

1. How important is money to our society?
2. Is this importance helpful or harmful to society? Explain.
3. Would it surprise you to know that in Africa some family's income is \$300 a year.
4. How does your list compare with the income of these families?
5. What would you give up?

Ask them to cross off the things on the list that they think they could do without.

- (15min) Nouveau Poor (8 minutes)
 - KSL News report on bankruptcy
 - Have the students write their reaction on page 28

The average American has 6 credit cards with an average debt of \$8,500. #1 Reason people go bankrupt is medical expenses. #2 is credit card debt.

In 1981 the average family owed 6 weeks worth of income in debt.
In 1991, the debt load increased to six months of income.

Bankruptcies are filed at the rate of one in every 37 homes in Utah. The National average is one in every 73 homes.

Utah is #1 in personal bankruptcy. Ages 18-25. Why?

1. We earn less money per hour. 88% of National Average
2. We have larger homes. 25% have 8 or more rooms.
3. We have more cars. One more vehicle per household. Large Cars.
4. We have more children. Cost to raise one child is \$230,000
5. We give a lot of money away. 1st in Nation for Donations.
6. We marriage at the youngest age in the U.S. Start having children which cuts education short especially for women.

➤ (20 min) Bankruptcy Lecture

- What is the difference between Chapter 7 and Chapter 11?

1. Chapter 7: Means you ask the court to forgive your debt with no intention of paying back.
2. Chapter 11 means you reorganize your debt and pay back.

Bankruptcy Reform Law (October 17, 2005) has changed that. You have to pay it back over a 5 year period.

➤ (10 min) Bankruptcy Articles

- Divide into groups and go through the various articles about different bankruptcy situations

➤ (20 min) Insurance Swat

- If time, put up the insurance terms on the board
- Have students divide into 2-3 teams
- Hand each team a fly swatter
- Read the definition
- First person to swat the word receives the points

➤ (10 min) Insurance Needs Throughout Life

- On page 26A in their Unit 2 Packet
- The students for each scenario, determine the type of insurance needed and when this insurance should have been purchased
- Then come up with 3 more scenarios and fill in the chart

Materials or Supplies:

- **Overheads**
- **Nouveau Poor Video**
- **Bankruptcy Articles**

Financial Literacy

Day: 24

Unit: 2 Work and Money

Topic: Credit

Journal Question:

When you hear the word “credit” what comes to mind?

OR NEFE Unit 5 Quiz pg 59-72

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Credit Introduction pg 29**
- **5 C’s of Credit and then practice in GFL Foldable**
- **Types of Credit**
- **Advantages and Disadvantages of credit**

Our City Westridge:

Chance Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (10 min) Credit Introduction
 - On page 29 in their Unit 2 Packet
 - What is credit
 - What are the 5 C’s of Credit

Character is a person’s honesty and reliability determined by their history of repaying bills on time

Capital is an evaluation of person’s net worth

Capacity is the income a person has available to repay the loan determined by job longevity and having few other loans

Collateral is property which can be seized if a person does not repay the loan

Conditions refers to the general state of the economy

- Explain the cost of Credit
- (10 min) Types of Credit
 - Installment
 - Non-Installment/ Revolving
- (10 min) Advantages and Disadvantages of Credit
 - Post signs on both sides of board
 - Distribute the scenario cards

- Have students come up front and place card rather they feel it is an advantage of credit or a disadvantage of credit

Materials or Supplies:

Overheads

Advantages and Disadvantages Cards

Financial Literacy

Day: 25

Unit: 2 Work and Money

Topic: Credit

Journal Question:

What is Credit? What are the two types of Credit? What are the 5 C's of Credit?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Selecting a Credit Card**
- **Understanding Schumer's Box**
- **Comparison Shopping for Credit card**

Our City Westridge:

Groceries

Expense Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (20 min) Selecting a Credit Card
 - Using the PowerPoint have the students take notes on page 30-31 in their Unit 2 packet
- (20 min) Understanding Schumer's Box
 - Use the provided overhead and go through the different parts of in a Schumer's box
 - Using an overhead of a credit card application, go through a real-life Schumer's box
 - Have the students fill in Card 1- Example on page 32 in their Unit 2 Packet as you go through it with them
- (Rest of Class) Comparison Shopping for Credit Card
 - Have the students, pick 3 credit card applications from the ones provided
 - They will need to compare the 3 applications using the Schumer's box
 - Once finished, have them evaluate which card would be the best choice for them

Materials or Supplies:

- **Collect old credit card applications with Schumer's Box**
- **Overheads**
- **Schumer Box Example**

Financial Literacy

Day: 26

Unit: 2 Work and Money

Topic: Credit

Journal Question:

What is a Schumer's Box? What is a credit report?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Credit Scenario Cards**
- **Credit Reports Lecture**
- **Example of Credit Reports**
- **Credit Report Scenario**
- **Review for celebration (1 page notes)**

Our City Westridge:

Expense Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (10 min) Credit Scenario Cards
 - Using the credit scenario cards, distribute them on each students desk
 - Have the students analyze the different scenarios
- (10 min) Credit Reports Lecture
 - Using the PowerPoint, go through the Credit Reports Lecture (Understanding Credit Reports)
 - Have the students take notes on page 36-37 in their Unit 2 packet
 - Show examples of real-life credit reports and explain how to interpret them
 - Explain credit scoring and what percentages fall in what range
- (10 min) Credit Report Scenario
 - On the overhead, show Carolina Blue Equifax Report
 - On page 38 in their Unit 2 packet, Have the students decide why she would be a high risk borrower and how she could implement strategies to improve her credit rating.
- (10 min) Credit Report Homework
 - Have the students finish with reviewing the questions on page 43 in their Unit 2 packet to review understanding credit reports homework
 - Students can have one page handwritten notes to use on test

Materials or Supplies:

- **Credit Card Scenarios Cards**
- **Credit Repots**
- **PowerPoint**

Financial Literacy

Day: 27

Unit: 2 Work and Money

Topic: Unit 2 Work and Money Celebration

Journal Question:

What is the difference between progressive and regressive taxes?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Review**
- **Unit 2 Insurance and Credit Celebration**
- **Turn in Packet**

Our City Westridge:

15th Power Bill

15th Auto Payment

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (10 min) Review for Celebration, ask questions
- (5 min) Pass out Unit 2 Work and Money Celebration and explain how to fill out test
 - Do not write on test
 - Do not cheat
 - After test, place test at front and quietly read or work on assignments
 - On your own sheet of paper write
 - Name
 - Date
 - Period
 - Test #
 - Test A or B
 - Title
- (70 min) Unit 2 Work and Money Celebration
- (0min) If time, Correct Unit 2 Work and Money Celebration, out of 128 points
- Turn in Unit 2 Packet

Financial Literacy- Test A
Unit 2: Work and Money Celebration
You may use a calculator.

*Instructions: Before you begin, take three deep breaths holding each for three seconds. Please write your answers **on your own sheet of paper**. Draw a smile at the top of your page by your **name, date, period, test, and test number** for 5 points extra credit. Enjoy celebrating all that we have learned.*

I. Multiple Choice (2 pts each)

1. What is the minimum type of coverage for automobile insurance required by law?
 - A. Comprehensive
 - B. Collision/Liability
 - C. Health
 - D. Medical Payment
2. What two taxes are included with the Federal Insurance Contribution Act (FICA)?
 - A. Federal and state taxes
 - B. Social Security and Medicare
 - C. Social Security and Retirement
 - D. Medical and federal taxes
3. What form should a person receive from an employee by January 31 to complete his/her annual tax paperwork?
 - A. Form W-2 from the previous year
 - B. Form W-4 for the current year
 - C. Form 1-9 for the previous year
 - D. Medicare form for the current year
4. Approximately what percentage of a persona paycheck is deducted?
 - A. 46%
 - B. 31%
 - C. 27%
 - D. 32%
5. What is an employee required to complete when they begin a new job?
 - A. Form W-2
 - B. Social Security Form
 - C. Form W-4
 - D. All of the above
6. What is a mutual fund?
 - A. A group of stocks, bonds, and other investments managed by a brokerage firm.
 - B. A secured box in the bank used to store valuables and important personal items.
 - C. A borrowed amount of money members apply for to be paid back at various interest rates.
 - D. A fixed amount of money in an account receiving a fixed interest rate during a specified period of time.
8. What is net pay?
 - A. The amount of money left after all deductions have been taken.
 - B. The length of time an employee's wages are calculated.

- C. The amount of pay earned from doing additional work for a company.
- D. The total amount of money earned before pay deductions.

10. What are the two types of taxes?
- A. Internal Revenue Service and W-4
 - B. Allowance and deduction
 - C. Dependent and exemption
 - D. Progressive and regressive

Use the following scenario for questions 11 and 12.

Bob is working for a bank. He earns \$8.00 an hour, works 40 hours a week, and gets paid every two weeks. He pays \$63.08 into federal withholdings, \$33.21 into state withholdings, and \$42.05 into FICA.

11. What is Bob's gross pay on his paycheck?
- A. \$501.66
 - B. \$543.71
 - C. \$576.92
 - D. \$640.00
12. What is Bob's net pay on his paycheck?
- A. 501.66
 - B. 543.71
 - C. 576.92
 - D. 640.00
13. What factor affects the time value of money?
- A. Time
 - B. Interest rate
 - C. Amount invested
 - D. All of the above
14. According to the Federal Truth and Lending Act, where must the terms and conditions of credit cards be posted?
- A. On the back of the credit card.
 - B. In the Schumer Box
 - C. On the credit card's web site only.
 - D. They do not need to be posted.
15. Using the "Rule of 72," what rate of return is needed for one to double his/her investment in 12 years?
- A. 4%
 - B. 6%
 - C. 10%
 - D. 12%
16. What is the purpose of a Schumer Box?
- A. Compare loan offers
 - B. Show taxes for the past year
 - C. Compare credit card offers
 - D. Check your credit score
17. Using the "Rule of 72" how many years will it take to double one's money at an 8% rate of return?

- A. 9
 - B. 90
 - C. 99
 - D. 900
18. What information is included in an individual's credit history?
- A. Current and past addresses
 - B. Employment history
 - C. Criminal records
 - D. All of the above
19. Who is able to review a consumer's credit report?
- A. Potential employers
 - B. Landlords
 - C. Government Agencies
 - D. All of the above
20. When evaluating a person's credit worthiness, which of the following is NOT considered a factor?
- A. Consistency
 - B. Capital
 - C. Character
 - D. Capacity
21. Health insurance does not cover which of the following:
- A. Routine medical procedures
 - B. Prescriptions
 - C. Cosmetic surgery
 - D. Medical emergencies
22. Who is the beneficiary of a life insurance policy?
- A. The individual who purchased the policy.
 - B. The recipient who receives any proceeds if the insured person dies.
 - C. The insurance agent who sold the policy.
 - D. The individual who's assets will be distributed upon death.
23. What does disability insurance cover?
- A. The medical costs for a long term injury.
 - B. The employer's expenses for losing an employee and then rehiring.
 - C. The counseling services needed for the disabled person.
 - D. The loss of income due to illness or injury.
24. What is included in homeowner's insurance?
- A. Property insurance
 - B. Liability insurance
 - C. Both property and liability insurance
 - D. Neither property nor liability insurance
25. Why is renter's insurance recommended when renting a home?
- A. The landlord's insurance does not cover the renter's personal possession.
 - B. The prevent the renter from having to replace the rental unit in case of a fire.
 - C. Landlords do not typically carry insurance policies.

D. To subsidize the property manager's insurance policy in the case of a fire or other natural disaster.

26. What does ATM stand for?
- A. Automated Transaction Machine.
 - B. Automatic Teller Machine.
 - C. Automobile Tax Money.
 - D. Automatic time machine
27. What percentage of a credit score does payment history have?
- A. 15%
 - B. 10%
 - C. 35%
 - D. 30%
28. What is not one way Identity thieves acquire Information?
- A. Steal wallets or purse.
 - B. Steal mail.
 - C. Go "dumpster diving".
 - D. Read a news article by you

II. Matching (1 pt. each)

- | | |
|--|--|
| 29. _____ Steady rise in general level of prices. Supply of money rises faster than the supply of goods and services | a. Credit Report |
| 30. _____ Money owed to another party | b. Taxes |
| 31. _____ Written report of person's credit history | c. Debt |
| 32. _____ An arrangement between an individual and an insurer for protection against risk. | d. Inflation |
| 33. _____ Compulsory charges impose by the federal government on citizens and their property. | e. Insurance |
| 34. _____ The analogy that income is water coming into a bathtub and expenses is the water coming out of a bathtub | f. Bathtub Analogy |
| | |
| 35. _____ Character | a. is a person's honesty and reliability determined by their history of repaying bills on time |
| 36. _____ Capital | b. is an evaluation of person's net worth |
| 37. _____ Capacity | c. refers to the general state of the economy |
| 38. _____ Collateral | d. is the income a person has available to repay the loan determined by job longevity and having few other loans |
| 39. _____ Conditions | e. property which can be seized if a person does not repay the loan |

III. Fill in the Blank

40. (3 pts) What does IRS stand for?

I: _____ R: _____ S: _____

41. (2 pts) What is one of the three methods an employer may use to pay his/her employees?

42. (2 pts) _____ income is the money you make before taxes.

43. (2 pts) _____ income is the money you actually take home.

44. (2 pts) What are the two forms that an employee must complete when beginning a new job?

_____ & _____

45. (2 pts) What is the premium in insurance?

46. (2 pts) What is something to look for to confirm it is secure website?

47. (2 pts) Identify two of the different types of dollar amounts specified in an insurance policy.

48. (1 pts) What does the W-4 form determine?

49. (3 pts) What are the three credit bureaus?

1. _____
2. _____
3. _____

50. (2 pts) _____ and _____ are the two most common errors on a credit reports

51. (2 pts) What does a w-2 form tell?

IV. True or False (2 pts. Each)

52. Principal is the original amount invested or saved.

53. A dependent is a person who doesn't rely on the tax payer for financial support.

54. Smoking or drinking during a job interview shows the interviewer you are relaxed and will be an asset to the company.

55. 18% is better than 13% APR (Annual Percentage Rate).

56. Taxes provide goods and services.

57. Leaving ATM card around your house and restaurants is smart.

58. Outgoing mail should be put in your mailbox.
59. Within a persons first three years of driving, there is a 70% chance he or she will be involved in an auto accident
60. When someone wrongfully acquires and uses consumer personal identification credit or account information is identity theft.
61. It is easier to get a credit card that a library card.
62. Interest is the price of money.
63. Debt is bad.

V. Short Essay (3 pts. Each)

64. Name at least one reason why Utah is #1 for declaring bankruptcy.
65. Explain the difference between a Chapter 7 and a Chapter 13 bankruptcy.
66. List two advantage and two disadvantages of credit. Explain why you would need credit.
67. What is the difference between a career and a job?

**Good Job! Please place your test and answer sheet up at the front of the classroom in the correct piles.
Begin to quietly read or relax until the last person finishes.**

Materials or Supplies:

- **Unit 2 Tests A & B**
- **Answer Key**

Financial Literacy

Day: 28

Unit: 3 Money Management

Topic: Budget/ Spending Plans & Financial Institutions

Journal Question:

What is a budget and how would it help an individual reach their financial goals?

OR NEFE Quiz Unit 3 pg 27-42

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Spending Plans- Quiz Next Time**
- **Budget Notes**
- **Financial Institutions Lecture**
- **Financial Institutions Game**

Our City Westridge:

Chance Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (5 min) Money Introduction
 - Money can really enrich your life or it can destroy your life. It will affect every area— self esteem, relationships. Ninety percent of divorce cases are money related.
 - **"Money is like closet space. You use up as much as you have."**
 - **"It isn't the amount of money you make that is important, it is the amount of money you keep."**
 - The Bean Game
 - Divide into groups, follow instructions found in envelopes
 - Group Juggle
 - Call out for a volunteer to juggle colored balls
 - Begin to label the balls with items that one might have to pay for or budget for
 - The concept is to keep all the balls in the air at the same time
 - How does this happen... you need a PLAN!!!
 - Call for more help or backup
- (15 min) Spending Plan Notes and Terms

Spending Plan Notes

1. Identify and define the five steps to financial goal setting.
 - Specific: State what is to be done with the money**
 - Measurable: Write the exact dollar amount**
 - Attainable: Determine how it can be reached**
 - Realistic: Do not set a goal which is unattainable**

Time Bound: Specifically state when the goal needs to be reached.

2. What is one reason why financial goal setting is important when developing a spending plan? **Gives a personal an understanding where the money is going. Helps a person to meet financial goals. Reduces need for using credit and gaining debt.**
3. What are the six steps to the spending plan process?
 1. **Set Financial Goals**
 2. **Organize**
 3. **Decide**
 4. **Implement**
 5. **Control**
 6. **Evaluate**
4. Explain the three types of Control Systems.
 - A. **Envelope System. Put all your cash into different envelopes and keep track on the outside of the envelope when you spend money.**
 - B. **Spending Plan. Keep track of your expenses on a spread sheet so you know where you are spending your money in all categories.**
 - C. **Check Register System. Track all expenses in a checkbook register which has been divided into categories.**

Spending Plan Terms

Assets	Everything a person owns with monetary value.
Balance Sheet	Shows Assets, liabilities, and net worth on a particular date for a family or individual.
Expenditures	Money spent
Flexible Expense	Expense amount will change each month.
Fixed Expense	Expense that remains the same each month.
Gross Pay	Total amount of money you make before deductions.
Liabilities	Debts or what is owed to others.
Need	Something that is a necessity.
Net Gain	Means a person is making more money than he/she is spending.
Net Loss	Means a person is spending more than he/she is making and has to borrow money to cover expenses
Net Pay	The money you "take home" after deductions.
Net Worth	The amount of money left when liabilities are subtracted from assets
Opportunity Cost	What you give up in order to get something else.
SMART Goals	Specific, Measurable, Attainable, Realistic, Time Bound
Spending Plan	A plan for spending your money previously referred to as a budget.
Want	Something unnecessary but desired.
70-20-10 Rule	70% money can be spent, 20% should be saved, and 10% invested.

- (10 min) Complete Recommended Pie Chart
 - Fill in the recommended Pie Chart
 - Using crayons or color pencils, color the correct amount on the pie representing the different categories

Housing	30%	Transportation	10%
Food	20%	Saving	10%
Clothing	10%	Misc	20%
- (15 min) Budget Notes

Budget Notes

1. What is a budget?
2. What is a fixed expense? Define and give examples...
3. What is a flexible or variable expense? Define and give examples...
4. Brainstorm some possible lists of spending plan categories...

To create a budget or file system:

- | | |
|-------------------------------|--------------------------|
| • Income/ Paycheck Stubs | • Insurance: Automobile |
| • Rent/ Mortgage | • Small Loans |
| • Credit Card | • Car Loans |
| • Utilities: Gas | • Charities |
| • Utilities: Power | • Groceries |
| • Utilities: Phone/Cell Phone | • Household |
| • Utilities: City/ Sewer | • Clothing |
| • Insurance: Health | • Automobile Maintenance |
| • Insurance: Life | • Automobile Fuel |

Then go through the difference between fixed and flexible expenses on page of their Unit 3 Packet

- (Rest of class) Financial Institutions
 - Using the PowerPoint, go through the different types of financial institutions and their characteristics
 - Have the students fill in the note guide on page
- (If time) Financial Institutions game
 - Divide into partners
 - Give each partner a game board
 - Give them 5 mins to correctly place a check to the corresponding institution
 - Correct when finish, and review
 - Team with most points wins

Materials or Supplies:

- **Overheads**
- **Colored Balls**
- **Dry-Erase Marker**
- **Power point**
- **The Bean Game Materials**

Financial Literacy

Day: 29

Topic: Financial Institutions

Unit: 3 Money Management
CHANGE SEATS

Journal Question:

Describe the three different types of control systems.

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Spending Plan Quiz**
- **Financial Institutions Review**
- **Types of Accounts**
- **You Can Bank on It Explanation**
- **Computer Lab**

Our City Westridge:

20th Gas Bill

20th Auto Insurance

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (5 min) What do you know about money?
 - A. Where is the money made?
 - U.S. Mint–Produces coins (Philadelphia, Denver, San Francisco)
 - The Bureau of Engraving & Printing–Paper Money, Stamps
 - B. Design
 - a person of historical significance who has died
 - engraved by several different people
 - special paper made of linen and cotton to prevent counterfeiting
 - green used because readily available and high resistance to chemicals
 - only one in the world which uses just one color
 - C. Life Expectancy

\$1	=	18 months
\$5	=	2 years
\$10	=	3 years
\$20	=	5 years
\$50	=	9 years
\$100	=	23 years
 - D. Explain Features (Show Shredded Money)

- Seal
- Motto
- Serial Numbers
- Federal Reserve Banks
- Security Thread

➤ (10 min) Review Financial Institutions Terms

Financial Institutions Terms

APR	Annual Percentage Rate. The cost of credit on a yearly basis written as a percentage rate.
ATM	Automatic Teller Machine. Electronic computer terminal through which customers may make deposits, withdrawals, and complete other financial transactions.
Brokerage Firm	They are licensed institutions which offer customers money management plans to buy and sell stocks, bonds, and other investment opportunities.
Commercial Bank	Offers a wide variety of services and products available including checking and savings accounts, loans, credit cards, investments and advice. They are insured by the FDIC
Credit Union	A non-profit cooperative bank owned by its members. Some
FDIC	Federal Deposit Insurance Corporation. Insures bank account deposits for up to \$100,000.
Loan	Money given to borrower with expectations to be paid back over certain time period including interest.
Mortgage	A loan to purchase real estate.
NCUA	National Credit Union Association. Insures credit union account deposits for up to \$100,000.
Safe Deposit Box	A secured box in a bank to be used for valuable and important personal items.
Savings and Loan	These banks focus on providing loans and mortgages to customers who hold a savings account. They are insured by the SAIF.
SAIF	Savings and Association Insurance Fund.
Share Draft Account	A checking account at a Credit Union.
Share Account	A savings account at a Credit Union.
Share Certificate Account	A certificate of deposit at a Credit Union.

➤ (20 min) Types of Accounts

- Using the chart found on page in their Unit 3 packet
- Go through the different types of accounts
 - Checking
 - Savings
 - Certificate of Deposit
 - Money Market
 - Mutual Funds

➤ (5 min) You can bank on it explanation

- Explain the assignment
- Divide into partners- no more than 3 in a group
- Draw out of the hat the bank that they will research

Partners Names: _____ **REMEMBER: Tape Rubric to the back of the Poster.**

The challenge: You are going to get the scoop about all of the different accounts a local bank or credit union has to offer that you are assigned.

You can collect brochures or other publications from the bank or credit union, by physically going to the financial institution or you can gather information online if possible. Refer to the companies website. You will then use them to create a poster advertising the bank's services. Make sure to make the poster easy to read and very clear. Make it creative and neat! The poster needs to be professional looking!

On you poster you will need to include the following information:

1. Name of institution- with some information and history on the institution
2. Checking Accounts- types, requirements, services, advantages, fees, interest rate
3. Saving Accounts- types, requirements, services, advantages, fees, interest rate
4. Money Market Accounts- types, requirements, services, advantages, fees, interest rate
5. Other Investment Accounts- types, requirements, services, advantages, fees, interest rate (such as Certificate of Deposits, IRA, Mutual Funds, etc.)

You will present your poster on the following day: _____ **YOU MUST BE READY!**

Grading Rubric:

Completion	_____ /25	Comments:
Required Information		
Name and History	_____ /10	
Checking	_____ /10	
Savings	_____ /10	
Money Market	_____ /10	
Other Investment	_____ /10	
Creativity/ Appearance	_____ /25	
Total	_____ /100	

➤ **Computer Lab**

- At the computer lab have the students work on their presentations by researching their bank or credit union. Remind them that they will have to work effectively and may need to go to the actual location to gather the needed information.
- They need to make their poster creative, neat and informative!

Materials or Supplies:

- **Computer Lab**
- **You Can Bank On It Examples**

Financial Literacy

Day: 30

Unit: 3 Money Management

Topic: Financial Institutions

Journal Question:

Describe the following: a) checking b) savings c) money market d) CD

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **You Can Bank On It Presentations Comparisons**
- **Reconciling a Checking Account**

Our City Westridge:

Chance Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (5 min) Reconciling a Checking Account
 - Explain how to reconcile a checking account using the assignment
 - When they are finished with the comparison, they will need to begin working on the reconciling a checking account worksheet.
 - We will go through and find the mistake the last 15 min of class
- (45 min) You can Bank On It Presentations
 - Have students place their bank poster around the room
 - They will need a writing utensil, blank sheet of paper and the comparisons chart
 - They need to select at least 2 Credit Unions and 2 Banks, the other of their choice
 - Compare according to the different accounts
 - When finished write a 1-2 paragraph summary on what they learned through this experience.

You Can Bank On It Comparison

Instructions: Select 6 different institutions that you would like to visit around the room. You must have at least 3 banks and 3 credit unions. Examine each poster for the chosen institutions. Fill in the appropriate information. After you have completed the chart, summarize in three paragraphs on the back what you learned from this activity. Did it surprise you when you learned requirements? Interest rates? Fees? Make sure and list which institution you would choose and why.

Institution	History Bank or Credit Union	Checking Accounts Types Requirements Services Fees Interest Rate	Savings Accounts Types Requirements Services Fees Interest Rate	Money Market Accounts Types Requirements Services Fees Interest Rate	Investments Accounts Types Requirements Services Fees Interest Rate
1					

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- (15 min) Reconciling a Checking Account
 - Go through the reconciling a checking account worksheet with the students and explain how to reconcile using the provided bank statement

Materials or Supplies:

Posters

Reconciling a Checking Account Material and Overhead

Financial Literacy

Day: 31

Unit: 4 Saving and Investment

Topic: Savings vs. Investing

Journal Question:

Give five reasons why people do not save.

OR NEFE Unit 4 Quiz pg 43-58

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Review Managing Your Cash**
- **Alexander Who Used to Be Rich Last Sunday**
- **Introduction to Savings and Investing**
- **Investing is like....**

Our City Westridge:

Chance Card

Sewer Bill

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (20 min) Review Managing your Cash
 - Using page 27-28 in their Unit 2 Packet
- OPTIONAL (15min) The Millionaire Game Questions
 - The Millionaire Game Questions.

Answer each question "True" or "False". For each correct answer, you will receive 5 points. For each incorrect answer, you will lose five points. For any question you may hold up the "Double Down" sheet with your answer. If you answer correctly, you will receive 10 points. If you answer incorrectly, you will lose 10 points.

- (10 min) Alexander Who Used to Be Rich Last Sunday
 - Read the book Alexander Who Used to Be Rich Last Sunday
 - As you read the book have the students follow along by answering the questions on page of their Unit 4 packet
- (30 min) Introduction to Savings and Investing
 - You can use provided overheads or PowerPoint
 - Have students answer the questions on page of their Unit 4 packet

Savings/Investing Discussion

A. **Why don't people save?**

Average American saves less than 5% of their paycheck.

- we want more
- no future goals
- money doesn't earn a lot of interest

- credit is easily available
 - adequate job security
- B. **Why should we save?**
- Emergencies—recommended to have 3-6 months of salary
 - Expenses
 - Future Purchases
 - Investing
 - Security
- C. **What are some ways you save money?**
- jar
 - every time you get a raise put that money in savings
 - have a purpose
 - go without (opportunity cost)

Savings/Investing Terms

Bathtub Analogy	The analogy that income is water coming into a bathtub, wealth is the water in a bathtub, and expenses is the water coming out of a bathtub.
Bond	Lending money to an organization as an investment
Certificate of Deposit	A fixed-time deposit which specify a time period that the savings must be left on deposit. (CD)
Compounding Interest	Earning interest on interest.
Fixed Interest Rate	The interest rate will not change for the lifetime of the investment.
Inflation	Steady rise in the general level of prices. Occurs when the supply of money rises faster than the supply of goods and services available for purchase.
Interest	Price of money.
Interest Rate	Percentage rate paid on the money saved or invested expressed as an annual percentage rate.
Investing	The purchase of assets with the goal of increasing future income.
IRA	Individual Retirement Account.
Liquidity	How easily investments can be converted to cash.
Money Market Account	A government insured account offered at most depository institutions.
Mutual Fund	Groups of stocks, bonds, and other investments managed by an investment firm.
Pay Yourself First	Taking out a portion of a paycheck for saving or investing before using any of the check for spending.
Principal	The original amount invested, borrowed, or saved.
Roth	Individual Tax Free Retirement Plan.
Rule of 72	Formula figuring the number of years it takes to double principle using compound interest. This is found by dividing the interest rate the money will earn into the number 72.
Savings Account	An account to hold money not spent on consumption.
Savings Bonds	Promissory notes issued by federal government
Simple Interest	Interest earned on the principal (original) investment
Tax-deferred	Taxes will not be paid until a person takes money out of the investment.

401K Plan	Tax-deferred retirement plans employers provide for their employees.
Tiered Interest Rate	The amount of interest earned depends on the account balance.
Time Value of Money	A calculations which adjust for the fact that dollars to be received or paid out in the future are not equivalent to those received or paid out today because of compounding interest.

- (Rest of Class) Investing is like...
 - Ask "What is a simile?"
 - Using like or as to compare to things
 - Have them create a simile on a piece of construction paper staring out
 - Investing is like...
 - They must have a picture
 - There must be three supporting points and backups
 - Show examples of Investing is like...
 - Give the rest of class to have them complete this task, it is due next time!

Materials or Supplies:

Overheads

PowerPoint

Financial Literacy

Day: 32

Unit: 4 Saving and Investment

Topic: Time Value of Money & Rule of 72

Journal Question:

Explain the following two phrases: “Pay Yourself First” & “Time Value of Money”

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Time Value of Money**
- **Rule of 72**
- **Types of Retirement Accounts**
- **Children Savings Book**

Our City Westridge:

Chance Card

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (20 min) Time Value of Money
 - Using PowerPoint on Time Value of Money or the Article in their packet
 - Using page in their Unit 4 Packet, have the students fill in the answers to the questions
- (20min) Rule of 72
 - Explain the Rule of 72
 - Show the equation
 - Give examples
 - Work through the first three problems on page in their Unit 4 packet
 - Have the student finish the rest of the problems
 - Correct and go through it with them
- (25 min) Types of Retirement Accounts
 - Using the chart on page of their Unit 4 Packet have the student fill it in as you explain the following
 - History, Background, Interest Rate and Age of Withdrawal for the following:
 - 403(b)
 - 401(K)
 - IRA
 - Roth IRA
 - Mutual Funds
 - Remind them that they are TAX DEFERRED PROGRAMS- Not investments!
- (Rest of class) Children Savings Book
 - Explain the assignment

- Show examples

Instructions: You are going to design a savings children’s book in which you will teach the different concepts we have learned in the investment unit.

You may address the value of saving, what is saving, what is investing, the rule of 72, compounding interest, pay your self first, the 70-20-10 rule, or anything else that appears relevant.

You must have the following:

- 1. Typed with a easy story line
- 2. Colored Pictures on every page
- 3. At least 6 pages long with words and pictures, with additional cover page including title and author
- 4. Laminated and Bound
- 5. Content--- what concept are you teaching
- 6. Creativity--- will a child enjoy reading this and be a captive audience
- 7. Completion- was it done on the day it was due

The grade break down is as follows:

Typed with a easy story line	_____ /15
Colored Pictures on every page	_____ /20
At least 6 pages long with words and pictures	_____ /20
Laminated and Bound	_____ /20
Content--- what concept are you teaching	_____ /25
Creativity--- will a child enjoy reading this and be a captive audience	_____ /25
Completion- was it done on the day it was due	_____ /25
TOTAL:	_____ /150

Materials or Supplies:

- Examples of Children’s Savings Books**
- Calculators**
- Power Point**

Financial Literacy

Day: 33

Unit: 4 Saving and Investment

Topic: Savings and Investment Guest Speaker

Journal Question:

Rule of 72 Quiz

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Guest Speaker**
- **Pass Back Papers**

Our City Westridge:

Wrap Up

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (5 min) Introduce Guest Speaker
 - Remind them of appropriate behaviors and rules
 - Take notes, because there will be a quiz
 - Provide water for the speaker
 - Make Thank You card to send to speaker after
 - Round of Applause for appreciation
- (Rest of Class) Turn Time over to the guest speaker
 - Have the Banking and Savings Booklet available incase they finish early so students can read
- (If Time) Pass Back Papers

OR

- Computer Lab for Children's Savings Book
 - Reserve the computer lab so that the students can work on their Children Savings Book

OR

Chad Foster Video (30 mins)

Materials or Supplies:

- **Chad Foster Video**
- **Computer Lab**

Financial Literacy

Day: 34

Unit: 4 Saving and Investment

Topic: Review for Unit $\frac{3}{4}$ Celebration or Catch up Day

Journal Question:

What does IPO stand for?

List five things you learned from the guest speaker.

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Pass back papers**
- **Computer Lab**
 - **Work on Children's Book &/or Brochure**

Our City Westridge:

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (20 min) Computer Lab
 - Work on Children's Book
 - Remember that it needs to be nice, neat, professional looking
 - School Library will laminate 6 pages for 99 cents
 - School Library will also bind them for you for another 25 cents
 - Laminate at Alpha graphics, Gordon's, Kinko's- most expensive!
 - Brochure
 - Design a Unit $\frac{3}{4}$ Brochure presenting the information we have learned
 - You may use the brochure on the test if you would like.

OR

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (10 min) Review for Celebration, ask questions
- (5 min) Pass out Unit 3& 4 Celebration and explain how to fill out test
 - Do not write on test
 - Do not cheat
 - After test, place test at front and quietly read or work on assignments
 - On your own sheet of paper write
 - Name

- Date
 - Period
 - Test #
 - Test A or B
 - Title
- (70 min) Unit 3& 4 Celebration
 - (0min) If time, Correct Unit 3& 4 Celebration, out of 119 points
 - Turn in Unit 4 Packet
 - Read 5-6 Children's Books if time

Catch up on anything you need to!

Materials or Supplies:

- **Brochure Examples**

Financial Literacy

Day: 35

Unit: 4 Saving and Investment

Topic: Unit 3 & 4 Financial Institutions & Investing Celebration

Journal Question:

What are the 6 steps to a spending plan?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Stock Market Game Awards**
- **Review**
- **Unit 3 & 4 Celebration**

Our City Westridge:

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (5 min) Stock Market Awards
 - Award the top 3 stock market ranking in class
 - 1st Place- 75 Extra Credit Points
 - 2nd Place- 50 Extra Credit Points
 - 3rd Place- 25 Extra Credit Points
- (10 min) Review for Celebration, ask questions
- (5 min) Pass out Unit 3& 4 Celebration and explain how to fill out test
 - Do not write on test
 - Do not cheat
 - After test, place test at front and quietly read or work on assignments
 - On your own sheet of paper write
 - Name
 - Date
 - Period
 - Test #
 - Test A or B
 - Title
- (70 min) Unit 3& 4 Celebration
- (0min) If time, Correct Unit 3& 4 Celebration, out of 114 points
- Turn in Unit 4 Packet/ Brochure for Extra Credit & Pass out Unit 5 Packet
- Read 5-6 Children's Books if time

Points Possible: _____ / 114

Test # _____

Do not write on or take the test!!!

Financial Literacy- Test A
Unit 3 & 4: Financial Institutions and Investing Celebration
You may use a calculator.

*Instructions: Before you begin, take three deep breaths holding each for three seconds. Please write your answers **on your own sheet of paper**. Draw a flower at the top of your page by your **name, date, period, test, and test number** for 5 points extra credit. Enjoy celebrating all that we have learned.*

I. Multiple Choice (2 pts each)

1. What is net pay?
 - A. The amount of money left after all deductions have been taken.
 - B. The length of time an employee's wages are calculated.
 - C. The amount of pay earned from doing additional work for a company.
 - D. The total amount of money earned before pay deductions.

2. Which of the following is a fixed expense?
 - A. Rent
 - B. Food
 - C. Entertainment
 - D. Clothing

3. Which of the following is a flexible expense?
 - A. Loan payment
 - B. Eating out
 - C. Garbage
 - D. Cable

4. Which is NOT a step in the spending plan process?
 - A. Compare
 - B. Implement
 - C. Organize
 - D. Evaluate

5. What is the purpose of the Federal Deposit Insurance Corporation (FDIC)?
 - A. Protect stock market investors from possible loss of principle.
 - B. Insure federally chartered commercial banks against loss.
 - C. Provide insurance protection for credit unions.
 - D. Distribute interest earnings to depositors.

6. What is a characteristic of commercial banks?
 - A. They are a non-profit cooperative institution.
 - B. They offer a wide variety of services and products.
 - C. They are insured by FICA up to 100,000.
 - D. All of the above.

7. What is a characteristic of savings and loan associations?
 - A. They are insured by the FDIC.

- B. They generally pay a lower interest rate than commercial banks.
 - C. They focus on providing loans and mortgages to customers.
 - D. All of the above.
8. What is a characteristic of credit unions?
- A. Many offer free financial counseling.
 - B. They are insured by the NCUA.
 - C. They are owned by members with a common bond.
 - D. All of the above.
9. What services are offered by brokerage firms?
- A. Investments
 - B. Checking Accounts
 - C. Mortgages
 - D. All of the above
10. What is a certificate of deposit?
- A. An insured interest earning savings instrument with restricted access to the funds.
 - B. Borrowed money with a promise to repay it in the future.
 - C. A tax deferred retirement account with a high interest rate.
 - D. Ownership in a company.
11. What is a mutual fund?
- A. A group of stocks, bonds, and other investments managed by a brokerage firm.
 - B. A secured box in the bank used to store valuables and important personal items.
 - C. A borrowed amount of money members apply for to be paid back at various interest rates.
 - D. A fixed amount of money in an account receiving a fixed interest rate during a specified period of time.
12. What do financial experts recommend an individual have for emergencies in a savings account?
- A. 1-2 months of income
 - B. 3-6 months of income
 - C. 6-12 months of income
 - D. 1-3 years of income
13. What does the 70-20-10 rule represent?
- A. 70% of income is spent, 20% of income is saved, and 10% of income is invested.
 - B. 70% of income is saved, 20% of income is spent on fixed expenses, and 10% of income is spent on variable assets.
 - C. 70% of income is spent, 20% of income is invested, and 10% of income is saved.
 - D. 70% of income is spent on fixed expenses, 20% of income is spent on variable expenses, and 10% of income is saved.
14. What factor affects the time value of money?
- A. Time
 - B. Interest rate
 - C. Amount invested
 - D. All of the above
15. Using the "Rule of 72" how many years will it take to double one's money at an 8% rate of return?
- A. 9

- B. 90
- C. 99
- D. 900

16. Using the "Rule of 72," what rate of return is needed for one to double his/her investment in 12 years?
- A. 4%
 - B. 6%
 - C. 10%
 - D. 12%
17. What is compound interest?
- A. The interest earned on the principle only.
 - B. The interest earned on both interest and principle.
 - C. The number of days of investing times the original investment.
 - D. All of the above.

II. Fill in the Blank/ Matching (2 pts. each)

Time Value of Money	Bond	Principal	Inflation
401 K Plan	Certificate of Deposit	Liquidity	Savings Bond
Mutual Fund	Tiered Interest Rate	Fixed Interest Rate	Tax-deferred
Pay Your Self First	Simple Interest	Compounding Interest	Interest
Bath Tub Analogy	Interest Rate	Investing	IRA
Money Market Account	Rule of 72	Savings Account	

18. _____	The analogy that income is water coming into a bathtub, wealth is the water in a bathtub, and expenses is the water coming out of a bathtub.
19. _____	Lending money to an organization as an investment
20. _____	A fixed-time deposit which specify a time period that the savings must be left on deposit. (CD)
21. _____	Earning interest on interest.
22. _____	The interest rate will not change for the lifetime of the investment.
23. _____	Steady rise in the general level of prices. Occurs when the supply of money rises faster than the supply of goods and services available for purchase.
24. _____	Price of money.
25. _____	Percentage rate paid on the money saved or invested expressed as an annual percentage rate.
26. _____	The purchase of assets with the goal of increasing future income.

27. _____	Individual Retirement Account.
28. _____	How easily investments can be converted to cash.
29. _____	A government insured account offered at most depository institutions.
30. _____	Groups of stocks, bonds, and other investments managed by an investment firm.
31. _____	Taking out a portion of a paycheck for saving or investing before using any of the check for spending.
32. _____	The original amount invested, borrowed, or saved.
33. _____	Formula figuring the number of years it takes to double principle using compound interest. This is found by dividing the interest rate the money will earn into the number 72.
34. _____	An account to hold money not spent on consumption.
35. _____	Promissory notes issued by federal government
36. _____	Interest earned on the principal (original) investment
37. _____	Taxes will not be paid until a person takes money out of the investment.
38. _____	Tax-deferred retirement plans employers provide for their employees.
39. _____	The amount of interest earned depends on the account balance.
40. _____	A calculations which adjust for the fact that dollars to be received or paid out in the future are not equivalent to those received or paid out today because of compounding interest.

III. True or False (2 pts. Each)

41. Adam Started saving \$50 per month when he was 18 and Gayle started saving \$100 each month when was 25. Both earned 6% interest. Gayle will have more money when they reach 30 years old.
42. A dollar today is worth less than a dollar in the future.
43. The Rule of 72 is a method you use to decide how long it takes to double your money.
44. Instead of having your interest compound annually you would rather it compounded quarterly.
45. Principal is the face value of a deposit.

46. Future value is a value of an investment at some future point in time.
47. A short term savings need is education.
48. A long term savings need is an emergency.

IV. Matching (2 pts. Each)

- | | |
|----------------------------|---|
| 49. Checking Account | a. A tool used to transfer funds deposited into the account to make a cash purchase, no interest or less than 1% paid |
| 50. Savings Account | b. A discount purchased for the 50% of the face value of the US Government |
| 51. Money Market Account | c. Government insured account which offered at depository institutions, tiered interest rates |
| 52. Certificate of Deposit | d. Insured savings with restrictions, approximately 4-5% interest |
| 53. Savings Bond | e. An account to hold money not spent on consumption, 1-2% interest |

IV. Short Answer

54. List the five steps in the Spending Plan Process. (5 pts.)

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

55. What is the main difference between an IRA and a Roth IRA? (3 pts.)

Good Job! Have a great day!

Place your test and answer sheet at the front of the table and quietly read a book or rest your eyes. ☺

Materials or Supplies:

- **Stock Market Certificates**
- **Unit 3 & 4 Tests A & B**
- **Answer Keys**

Financial Literacy

Day: 36

Unit: 5 Housing, Automobile and Consumer

Topic: Renting vs. Owning & Mortgages

CHANGE SEATS

Journal Question:

**If you had to find a place to live, what steps would you take to go about doing it?
OR What would be two advantages and disadvantages of renting and owning a home?**

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Securing a Living Space Quiz**
- **Brainstorm Cards**
- **Renting vs. Owning**
- **Terms involved in Renting**
- **Reading an Ad**
- **Mortgage Vocabulary**

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (15 min) Securing a Living Space Quiz
 - Place the 8 questions around the room,
 - Using page 1 in their Unit 5 Packet, have the students pick the best answer
 - Go through the answers with them
- (20 min) Brainstorm Cards
 - Divide into groups of 3-5
 - Hand them a large sheet of poster and Brainstorm card
 - Using the brainstorming card topic, have them come up with as many answers as possible in 7 minutes
 - Go through the different groups and their answers when finished
- (20 min) Renting vs. Owning
 - Start off by asking them to talk about the advantages and disadvantages of Renting versus Owning a place to live
 - Explain how to read a housing advertisement and what the different codes mean
 - Have them read the article on pages 2-4 in their Unit 5 Packet and answer questions on page 6
- (10 min) Terms involved in Renting
 - Once finished have them work on the crossword on page 9 in their Unit 5 Packet
- (10 min) Reading an Ad
 - Once finished have them work on the reading the four advertisements on page 10 in their Unit 5 Packet

ALTERNATE:

In the computer lab, you have them search for apartments for rent or homes for sale to meet the needs for the scenarios for the renter and potential home buyer. Fill in the criteria on page 7 & 8 in their Unit 5 Packet.

- (If time) Mortgage Vocabulary
 - On pages 12-17 in their Unit 5 Packet, there is a lists of vocabulary words, begin to go through the terminology with them in preparation for talking about mortgages
 - The asterisk words are most crucial

Materials or Supplies:

- **Securing a Living Space Quiz**
- **Brainstorm Cards**
- **Posters**

Financial Literacy

Day: 37

Unit: 5 Housing, Automobile and Consumer

Topic: Mortgage Guest Speaker or Mortgages

Journal Question:

Define a mortgage?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Introduction of Guest Speaker**
- **Guest Speaker**

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (5 min) Introduce Guest Speaker
 - Remind them of appropriate behaviors and rules
 - Take notes, because there will be a quiz, can use page 11 in their Unit 5 packet to take notes
 - Fill in columns as Mortgage, Parts, Fixed, ARM, Interest Only
 - Provide water for the speaker
 - Make Thank You card to send to speaker after
 - Round of Applause for appreciation
- (Rest of Class) Turn Time over to the guest speaker
- (If Time) Pass Back Papers

OR

- Mortgage Lecture
 - What is a mortgage?
 - Parts of a mortgage- PITI- Principal, Interest, Taxes, Insurance
 - Types of Mortgages
 - Fixed- 10/15/30 year
 - ARM- Adjustable Rate- 1 mo, 6mo, 1 yr, 3 yr, 5 yr, 7yr
 - Interest Only- Simple Interest- WHY???
 - Mortgage Vocabulary
 - Closing Cost
 - Appraisal Fee
 - Origination Fee
 - Calculating Amortization
 - Credit

Materials or Supplies:

Financial Literacy

Day: 38

Unit: 5 Housing, Automobile and Consumer

Topic: Automobiles

Journal Question:

What is the difference between buying vs. leasing an auto?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Buying Vs. Leasing Auto**
- **Car Loans**
- **Researching/ Shopping for Automobile**
- **Computer Lab**

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (20 min) Buying vs. Leasing an Auto
 - Using PowerPoint or lecture go though pages 18-23 in their Unit 5 packet
 - Answer the questions on page 24-25 in their Unit 5 packet
- (5 min) Car Loans
 - Explain the difference between a loan and a lease
- (10 min) Researching/Shopping for an Auto
 - Explain Amortization Calculators
 - Go to Google.com--- type in amortization calculator
 - First one that pops up, use
 - Give Example on how to calculate the cost of a loan using the amortization calculator
 - Complete page 26 in Unit 5 packet in computer lab
 - Show how to shop for an automobile loan by using bankrate.com
 - First pick a car using Kelly blue book or classifieds
 - Find new or used, year, type, price, down payment, and loan amount
 - Go to bankrate.com
 - Find lender, APR, Time Period
 - Then using amortization calculator, calculate payment and interest paid
- (Rest of Class) Computer Lab

Materials or Supplies:

Computer Lab

Financial Literacy

Day: 39

Unit: 5 Housing, Automobile and Consumer

Topic: Consumerism

Journal Question:

What does being a good consumer mean to you?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Personal Rating Scale**
- **Consumer Notes**
- **Consumer Research Report/ Case Studies**

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (15 min) Personal Rating Scale
 - Hand out the Personal Rating Scale and have the student fill it in appropriately
 - Go through some of the questions

Personal Rating Scale

1. If you were given \$1,000.00 today, what would you do with it?
2. Do you check your receipts to make certain that you have been charged correctly?
3. Do you count your change to make certain that it is correct?
4. Do you compare different prices and brands of the same item at more than one store, then select the best value to purchase?
5. Do you compare the warranties of different brands when selecting a brand to purchase?
6. If you feel you have been wronged by a business, do you complain to the business and attempt to right the wrong?
7. Do you find yourself buying things that you had not planned to buy?
8. Do you save money regularly?
9. Do you often find yourself borrowing money from parents, friends, or siblings?
10. Do you keep a record of what you earn and what you spend?
11. Do you shop sales?
12. Do you read the instructions for use and care of a product and follow them?
13. Do you keep sales receipts, warranties, and instructions?
14. Do you read the store's return and exchange policy before making your purchase?

On question #1 give yourself five points if you selected something to do with your money that is consistent with your goals and values in life.

Give yourself two points for each question as follows:

#2 Yes #7 No #12 Yes 25-31 Points Great

#3	Yes	#8	Yes	#13	Yes	19-25 Points	Fair
#4	Yes	#9	No	#14	Yes	14-19 Points	Need Improvement
#5	Yes	#10	Yes			Less than 14	Poor
#6	Yes	#11	Yes				

- (15 min) Consumer Bill of Rights
 - Using page 29 in their Unit 5 Packet, go through the following information with them

Consumer Bill of Rights (1964)

- A. **Right to Safety**
 - What we purchase will not harm us
 - The manufacturer will make a safe product
 - We have the responsibility to follow the directions
 - FDA (Food and Drug Administration)** food drugs and cosmetics.
 - USDA (U.S. Department of Agriculture)** meat, dairy, gasoline, pesticides.
 - USCPSC (U.S. Consumer Product Safety Commission)** toys, consumer products and fabrics.
 - USDT (U.S. Department of Transportation)** land, air, and sea vehicles.
- B. **Right to be Informed**
 - We won't be misinformed, uninformed or lied to
 - Advertising, Credit, Contracts, Warranties, Labeling, Packaging.
- C. **Right to Choose**
 - We will be able to choose from a wide variety of products and services at competitive prices.
- D. **Right to be Heard**
 - We have the right to complain
 - 1. Make sure you have fulfilled your responsibilities.
 - 2. Try to solve the problem locally. Go in person.
 - 3. Contact the manufacturer (Nike Example)
 - 4. Contact the BBB (Better Business Bureau) www.saltlakecity.bbb.org

- (10 min) Explain Consumer Product Research and Case Studies
 - Go to the computer lab to have the students complete the Consumer Product Research, when finished have them work on the case studies. This information is found on page 30 and 31 in their Unit 5 Packet

Consumer Research Repot

Select an item you or a family member is interested in purchasing ex. Phone, ipod, luggage, camera, bike, shoes, washer, and appliance. You can do anything except a car. Once you have selected the item, begin to find what you would like to look for when purchasing this item. Then find at least two different models or brands to compare, end with your recommendation after you have researched the product.

Good Resources to look on:

Case Studies

Case Study #1

Mike Spike opened the door of the new automotive shop. He decided it must be a good store because there were so many people inside. His dad had sent him to get a case of oil and an oil filter for their car. He followed his dad's instructions on the brand to buy and was on his way to the check stand when he saw a display for a stereo system. It was marked with a big red sign that read, "This week only, \$349.00." Mike had wanted a stereo for a long time. He wasn't familiar with this brand, so he asked the salesperson some questions. She said it was an excellent buy—so good, in fact, that there were only two systems left. She also explained how he could easily charge it on a credit card and would only have to pay a few dollars each month. He thought a very short time about the system and decided he couldn't pass it up. Soon he was on his way home with the stereo system tucked carefully in the trunk.

1. Do you think Mike will be satisfied with his purchase? Why or why not?
2. Why do you think he made this purchase?
3. Was Mike a wise consumer? Why or why not?
4. Have you ever bought anything on impulse? Did it turn out to be a good purchase?
5. What should Mike have done differently before purchasing a stereo system?

Case Study #2

Jamie was totally distressed with her ancient phone. She had just redecorated her room and everything looked great – except the horrid looking phone that her grandparents had given her several years ago. She decided to spend some time comparing the quality, price, warranties, and features of phones. Finally she made her decision, a "Tel-A-TALK" phone seemed to be the best phone for the money. It only had a 30-day warranty, but when she mentioned it to the salesperson, he told her he would extend the warranty for a year. She was pleased and paid cash for the phone. After three months the phone developed an annoying clicking sound. She took it back to the store only to find the salesman that had promised the year warranty no longer worked there and the store would not extend the 30-day warranty.

1. What were Jamie's rights?
2. What mistake did Jamie make?
3. What should Jamie do now?

Materials or Supplies:

Financial Literacy

Day: 40

Unit: 5 Housing, Automobile and Consumer

Topic: Decision Making

Journal Question:

Describe a decision that needs to be made within the next 2 years.

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **The Bags**
- **Decision Making Lecture/Examples**
- **The Decision**
- **Cooperative 5 Squares**
- **Scenarios**
- **Finish Westridge**

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (10 min) Introduction
 - Ask for three volunteers
 - Each person must come to an agreement on which bag they will chose
 - 1st bag- labeled "Bag 1" has a rock in it
 - 2nd bag- labeled "Bag 2 " has a candy bar in it
 - 3rd bag- labeled "Bag 3" has a ball in it
 - Ask them to make the decision
 - Talk about the decision they made and infer the steps they took in order to make the decision
- (15 min) Decision Making Discussion
 - Steps to Making a Decision (overhead)
 - What influences your decisions?
 - What influence does peer pressure have on you making decisions? Parental expectations? Self-image? Society's expectations?
- (15 min) Jelly Bean Jar Group Decision Making Assignment
 - Have them guess how many jelly beans are in the jar. Write the number down. Then get in with partners, then with a group, then the whole class.
 - Once they finish talk about how others influence our decisions.
 - 5 min. by yourself (no talking)
 - 5 min. with group
- (20 min) The Decision

- Have the students close their eyes and think of a major decision that they will be making within the next few years (1-3). Preferably a decision that requires money
- Write the decision that needs to be made on page 28 in their Unit 5 packet under #1.
- Play music and have them continue to fill out steps 2-5.
- Decision Making Scenarios
- OPTIONAL (15 min) Cooperative 5 Square Activity
 - Divide into groups of 5
 - Follow directions on envelope
 - Afterwards discuss frustrations in being able to make a decision.

To finish Westridge:

Balance in register + Current Savings – Net monthly Income + Beginning Savings =
Turn in

- Housing Cards
- Homeowner Insurance Cards
- Auto Insurance Cards
- Health Insurance Cards and Descriptions

- Westridge packet with 3 gas bill and 3 power bills attached

Materials or Supplies:

- **Three Bags**
- **Candy Bar**
- **Rock**
- **Ball/ Pop**
- **Jar of M&M's or Skittles or Jelly Beans**
- **Cooperative Square**

Financial Literacy

Day: 41

Unit: 5 Housing, Automobile and Consumer

Topic: Wise Shopping Practices

Journal Question:

What is Unit Pricing?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Wise Shopping Practices**
- **Evaluating Convenience**
- **Unit Pricing**
- **Food Fight Article**
- **Final Study Guide**

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICIPATION POINTS
- (10 min) Planned Spending Quiz
 - Using page 32 in their Unit 5 Packet
 - Go through answers and discuss
- (10 min) Reverse Psychology
 - Using page 33 in their Unit 5 Packet
 - Give the correct answers
- OPTIONAL (15min) Read Spending Your Food Dollar
 - Using page 34-35 in their Unit 5 Packet
- (20 min) Unit Pricing
 - Unit Pricing Lecture using the provided overheads
 - Go through Unit pricing practice on page 36 in their Unit 5 packet, have them finish on their own.
- (rest of class) Food Fight
 - Distribute the article "Food Fight"
 - For the rest of class, have them read and answer the questions on page 37 in their unit 5 packet
- If times, have them take the Test Your Supermarket IQ on page 38 in their Unit 5 packet
- Distribute Final Study Guide

Materials or Supplies:

- **Food Fight Article**
- **Different Units of Canned Food**
- **Overheads**
- **Final Study Guide**

Financial Literacy

Day: 42

Unit: 5 Housing, Automobile and Consumer

Topic: Store Brand vs. Name Brand

Journal Question:

What is the difference between store brand products and name brand products?

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Store Brand vs. Name Brand Instructions**
- **Store Brand vs. Name Brand Stations**
- **Questions for the Final**

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (20 min) Store Brand vs. Name Brand Instructions
 - Explain the different centers for Store Brand vs. Name Brand Stations
 - Must have a pen, page 39 & 40 in their Unit 5 packet, and a calculator
 - Explain the difference between label appeal and appearance of product.
- (20 min) Store Brand vs. Name Brand Centers

Station #1 Canned Fruit

Pineapple

<u>Store Brand:</u>	<u>Name Brand:</u>
Western Family	Dole
	Geisha

Station #2 Crackers

Saltine Crackers

<u>Store Brand:</u>	<u>Name Brand:</u>
Western Family	Zesta

Station #3 Cereal

Cheerios

<u>Store Brand:</u>	<u>Name Brand:</u>
Western Family	Malt-O-Meal
Toasted Oats	Scooters

Station #4 Soft Drink

Rootbeer

<u>Store Brand:</u>	<u>Name Brand:</u>
Shasta	Mug

Station #5 Cookies
Vanilla Wafers

<u>Store Brand:</u>	<u>Name Brand:</u>
Western Family	Mini Vanilla

Materials or Supplies:

- **Pineapple**
- **Saltine Crackers**
- **Cereal**
- **Soft Drink**
- **Cookies**
- **Save Receipts! (for Unit Pricing)**
- **Toothpicks**
- **Napkins**
- **Can Opener**
- **Cups**
- **Spoons**
- **Plates**

Financial Literacy

Day: 43

Unit: 5 Housing, Automobile and Consumer

Topic: Financial Literacy Final

Journal Question:

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Financial Literacy Final**
- **A Real Celebration Next Time- Bring Supplies 😊**
- **Bind Books- Bring all 5 Unit Packets!**

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- (10 min) Review for Celebration, ask questions
- (5 min) Pass out Financial Literacy Final and explain how to fill out test
 - Do not write on test
 - Do not cheat
 - After test, place test at front and quietly read or work on assignments
 - On your own sheet of paper write
 - Name
 - Date
 - Period
 - Test #
 - Test A or B
 - Title
- (70 min) Financial Literacy Final
- (0min) If time, Correct Financial Literacy Final, out of 82 points
- Bring supplies for real celebration and all 5 Unit Packets to Bind!!!

Materials or Supplies:

Final Test

Answer Key

Financial Literacy

Day: 44

Unit: 6 Application

Topic: Term End Celebration

Journal Question:

No Journal

Schedule:

- **Welcome**
- **Announcements**
- **Journal- Check Journals for Participation Points**
- **Evaluations**
- **Bind Books**
- **Celebrate**

Lesson Plan:

- (5 min) Welcome/ Announcements/ Journals
 - Fill out Journal question in spiral notebook with corresponding date and question
 - Fill out appropriate PARTICPATION POINTS
- Evaluations
- Bind Books
- Celebrate

Materials or Supplies:

Financial Literacy

Day: 45

Unit: 6 Application

Topic: Graduation

Journal Question:

No Journal

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Clean Classroom**
- **Turn in all borrowed materials**

Lesson Plan:

Materials or Supplies:

Financial Literacy

Day: Optional
Topic: Field Trip

Unit: 6 Application

Journal Question:
No Journal

Schedule:

- **Welcome**
- **Announcements**
- **Journal**
- **Field Trip**

*****If you would like to incorporate a field trip,
 you can use the following at a local grocery store.**

Group Members:

Period:

Shop Till You Drop!!!

We will be leaving the store at: _____ Do not be late or else you will be marked truant!!!

Scavenger Directions: Work in pairs/groups to complete this assignment at the grocery store. You may need to use a calculator. Remember to be respectful of others and of the store. When you are finished meet your teacher at the front of the store.

1. Make a quick sketch of the store layout on the back of the paper. (1 per group)
2. On the layout mark where the following are: BREADS, FRUITS & VEGETABLES, MILK, EGGS, CHEESE, UNPROCESSED MEATS, DELI, CHECK-OUT and Customer Service Desk.
 - a. Are they around the outside of the store?
 - b. What is the rest of the store comprised of?
 - c. What department in the store brings in the most profit?
 - d. What aisles are the following located on (list the number)?
 - i. Breads
 - ii. Laundry Detergent
 - iii. Candy
 - iv. Cereal
 - v. Crackers
 - vi. Baby Products
 - vii. Paper Products
3. Locate an "aisle end or end cap" display.
 - a. What is it?

- b. Does it appear to be a good deal or are they just overstocked and trying to get rid of excess? Explain.
 - c. Can you locate the item on its regular aisle and if so what aisle.
4. The most popular and profitable items are usually at eye level to encourage buying.
5. Find a “buy one get one free” product.
 - a. The Product is:
 - b. Is it really a good deal? Explain.
6. Find a multiple priced item (i.e. 3/\$1.00)
7. Name a “Loss Leader” that the store is advertising currently. You will have to look at the store’s ad. (i.e. “Loss Leader” is a really good deal that the store uses to get you into the store, hoping that once you are inside you will buy lots of groceries!)
 - a. The Product is:
 - b. Is it really a good deal? Explain.
8. Go to the facial tissue aisle.
 - a. Write down the name of three brands of facial tissue and their prices:
 - 1.
 - 2.
 - 3.
 - b. Which is the best deal for your money?
 - c. Which is the most popular brand of facial tissue?
 - d. Do you ever shop for a certain brand name, ignoring whether it is the best deal or not? Explain when.
9. When is the best time to shop if you want “in store” samples?
 - a. Have you ever bought an item after trying it at an “in store sample” station?

I. Canned Foods

Compare prices of a store brand (ex. Western Family) and a name brand (ex. Del Monte, Campbell’s) canned product for the following:

Canned Green Beans

Store Brand	Name Brand
Package Size: (i.e. units)	Package Size: (i.e. units)
Price:	Price:
Unit Price:	Unit Price:

Tomato Soup

Store Brand	Name Brand
Package Size: (i.e. units)	Package Size: (i.e. units)
Price:	Price:
Unit Price:	Unit Price:

Creamed Corn

Store Brand	Name Brand
Package Size: (i.e. units)	Package Size: (i.e. units)
Price:	Price:
Unit Price:	Unit Price:

Cream of Chicken Soup

Store Brand	Name Brand
Package Size: (i.e. units)	Package Size: (i.e. units)
Price:	Price:
Unit Price:	Unit Price:

Canned Pineapple

Store Brand	Name Brand
Package Size: (i.e. units)	Package Size: (i.e. units)
Price:	Price:
Unit Price:	Unit Price:

II. Dry Foods

Cereals: Compare two different kinds of cereals (include both box and bagged cereals)

Cereal #1:

Store Brand	Name Brand
Package Size: (i.e. units)	Package Size: (i.e. units)
Price:	Price:
Unit Price:	Unit Price:

Cereal #2:

Store Brand	Name Brand
Package Size: (i.e. units)	Package Size: (i.e. units)

Price:	Price:
Unit Price:	Unit Price:

Pastas: Compare two different kinds of pastas

Pasta #1:

Store Brand	Name Brand
Package Size: (i.e. units)	Package Size: (i.e. units)
Price:	Price:
Unit Price:	Unit Price:

Pasta #2:

Store Brand	Name Brand
Package Size: (i.e. units)	Package Size: (i.e. units)
Price:	Price:
Unit Price:	Unit Price:

Breads: Compare two different kinds of breads

Bread #1:

Store Brand	Name Brand
Package Size: (i.e. units)	Package Size: (i.e. units)
Price:	Price:
Unit Price:	Unit Price:

Bread #2:

Store Brand	Name Brand
Package Size: (i.e. units)	Package Size: (i.e. units)
Price:	Price:
Unit Price:	Unit Price:

III. Fresh Produce

Calculate the total cost of 3 oranges by multiplying how much the oranges weigh by the cost per pound.

$$\overline{\text{(Weight of 3 oranges)}} \quad \times \quad \overline{\text{(Cost per pound)}} \quad = \quad \overline{\text{Total Cost}}$$

Calculate the total cost of 4 apples by multiplying how much the apples weigh by the cost per pound.

$$\overline{\text{(Weight of 4 apples)}} \quad \times \quad \overline{\text{(Cost per pound)}} \quad = \quad \overline{\text{Total Cost}}$$

Carrots- Compare the cost of baby carrots and whole carrots

Baby Carrots	Whole Fresh Carrots
Package Size or weight: (i.e. units)	Package Size or weight: (i.e. units)
Price:	Price:

Cost/Pound:	Cost/Pound:
-------------	-------------

Broccoli- Compare the cost of fresh broccoli and frozen broccoli

Fresh Broccoli	Frozen Broccoli
Package Size or weight: (i.e. units)	Package Size or weight: (i.e. units)
Price:	Price:
Cost/unit:	Cost/unit:

One of the departments that you will come to will be the produce section. Answer the following questions:

1. How are the fruits and vegetables arranged? Is anything done to keep them fresh?
2. Are most of the fruits and vegetables pre-packaged or are they out in the open for you to handpick?
3. What are the advantages of being able to choose and pick your own fruits?

Packaged Apples- weigh eight apples that are not packaged (free on the produce stand), compare them to apples that are in a net packaged

Unpackaged Apples	Packaged Apples
Package Size or weight: (i.e. units)	Package Size or weight: (i.e. units)
Price:	Price:
Cost/unit:	Cost/unit:

IV. Convenience

Cookies- Compare the frozen cookie dough to the packaged cookies made by the bakery

Packaged Cookies by Bakery	Frozen Cookie Dough
Package Size or weight: (i.e. units)	Package Size or weight: (i.e. units)
Price:	Price:
Cost/unit:	Cost/unit:

Why do people buy convenience foods? List at least five reasons.

What did you learn from the experience?

Name: _____ Period: _____

UNIT 1

Financial Literacy

Values, Financial Planning, Goal Setting,
& Decision Making Unit

Due: _____



Value Notes-----	___/10
Forced Choice Values Test-----	___/30
Values Auction-----	___/18
Goal Notes-----	___/18
Setting a Financial Goal-----	___/12
SMART Goals Assignment-----	___/30
Personal Life Cycle of Financial Planning-----	___/20
The Stock Market Notes-----	___/25
Language of the Stock Market -----	___/41
You can read the financial page -----	___/40
Advertising Notes-----	___/20
Personality Mosaic Test -----	___/45
Job Offer Checklist -----	___/6
Comparing Job Offers -----	___/20
Cost of Living Equation Practice-----	___/8
Level I Resume Worksheet-----	___/17
Professionally You Worksheet-----	___/21

Total Points-----___/381

****Place in order behind this page to turn in as a complete packet****

Points or point value subject to change ☺

Values Notes

I. What is a value?

Give me some examples of values . . .

II. What influences our value system?

- 1.
- 2.
- 3.
- 4.
- 5.

III. Why determine your values?

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

IV. How we spend our **TIME** and **MONEY** determines what we value. List 10 things you love to do

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

Forced Choice Values Test

Please rank the following values in order of importance to you. One being the most important to twelve being the least important.

Rank

1. Security. To be reasonably sure about the future for myself.
2. Influence. To have influence with people.
3. Recognition. To have people think well of me.
4. Helpfulness. To do things for my family and others.
5. Freedom. To have as much freedom as possible.
6. New Experience. To do new and different things often.
7. Friendliness. To have friends.
8. Family Life. To have a satisfying family relationship.
9. Religion. To do what is right according to my beliefs.
10. Orderliness. To have things neat and organized.
11. Wealth. To have as many good things as possible.
12. Workmanship. To do things well.

You must choose and circle one number in each pair of items.

6 to do new and different things often

12 to do things well

9 to do what is right according to my beliefs

12 to do things well

1 to be reasonably sure about the future for myself

10 to have things neat and organized

3 to have people think well of me

8 to have a satisfying family relationship

5 to have as much freedom as possible

6 to do new and different things often

6 to do new and different things often

10 to have things neat and organized

1 to be reasonably sure about the future for myself

5 to have as much freedom as possible

~~10 to have things neat and organized~~

11 to have as many good things as possible

2 to have influence with people

4 to do things for my family and others.

8 to have a satisfying family relationship

9 to do what is right according to my beliefs

8 to have a satisfying family relationship

12 to do things well

4 to do things for my family and others

5 to have as much freedom as possible

9 to do what is right according to my beliefs

11 to have as many good things as possible

1 to be reasonably sure about the future for myself

2 to have influence with people

9 to do what is right according to my beliefs

10 to have things neat and organized

6 to do new and different things often

7 to have friends

4 to do things for my family and others

6 to do new and different things often

2 to have influence with people

5 to have as much freedom as possible

4 to do things for my family and others

8 to have a satisfying family relationship

2 to have influence with people

9 to do what is right according to my beliefs.

1 to be reasonably sure about the future for myself

8 to have a satisfying family relationship

5 to have as much freedom as possible

10 to have things neat and organized

7 to have friends

9 to do what is right according to my beliefs

1 to be reasonably sure about the future for myself

11 to have as many good things as possible

3 to have people think well of me

10 to have things neat and organized

2 to have influence with people

8 to have a satisfying family relationship

3 to have people think well of me

4 to do things for my family and others

2 to have influence with people

6 to do new and different things often

1 to be reasonably sure about the future for myself

9 to do what is right according to my beliefs

7 to have friends

12 to do things well

1 to be reasonably sure about the future for myself

12 to do things well

3 to have people think well of me

- 5 to have as much freedom as possible
- 11 to have as many good things as possible
12 to do things well
- 6 to do new and different things often
11 to have as many good things as possible
- 7 to have friends
10 to have things neat and organized
- 6 to do new and different things often
8 to have a satisfying family relationship
- 3 to have people think well of me
9 to do what is right according to my beliefs
- 8 to have a satisfying family relationship
10 to have things neat and organized
- 4 to do things for my family and others
11 to have as many good things as possible
- 10 to have things neat and organized
12 to do things well
- 2 to have influence with people
11 to have as many good things as possible
- 4 to do things for my family and others
10 to have things neat and organized
- 2 to have influence with people
12 to do things well
- 4 to do things for my family and others
12 to do things well
7 to have friends

8 to have a satisfying family relationship

5 to have as much freedom as possible

12 to do things well

3 to have people think well of me

11 to have as many good things as possible

2 to have influence with people

10 to have things neat and organized

6 to do new and different things often

9 to do what is right according to my beliefs

1 to be reasonably sure about the future for myself

6 to do new and different things often

3 to have people think well of me

7 to have friends

7 to have friends

11 to have as many good things as possible

2 to have influence with people

7 to have friends

4 to do things for my family and others

9 to do what is right according to my beliefs

5 to have as much freedom as possible

11 to have as many good things as possible

1 to be reasonably sure about the future for myself

4 to do things for my family and others

1 to be reasonably sure about the future for myself

7 to have friends

3 to have people think well of me

12 to do things well

1 to be reasonably sure about the future for myself

3 to have people think well of me

5 to have as much freedom as possible

9 to do what is right according to my beliefs

4 to do things for my family and others

7 to have friends

5 to have as much freedom as possible

8 to have a satisfying family relationship

Count up how many times you circled each number and record your score.

____ 1. Security. To be reasonably sure about the future for myself.

____ 2. Influence. To have influence with people.

____ 3. Recognition. To have people think well of me.

____ 4. Helpfulness. To do things for my family and others.

____ 5. Freedom. To have as much freedom as possible.

____ 6. New Experience. To do new and different things often.

____ 7. Friendliness. To have friends.

____ 8. Family Life. To have a satisfying family relationship.

____ 9. Religion. To do what is right according to my beliefs.

____ 10. Orderliness. To have things neat and organized.

____ 11. Wealth. To have as many good things as possible.

____ 12. Workmanship. To do things well.

From the Value Test list the twelve values in order of their importance:

1.

7.

2.

8.

3.

9.

4.

10.

5.

11.

6.

12.

How does this list compare to the one you made at the beginning of the test.

If your results were different why do you think that is so?

What would you say were the 5 most important values in your life? List them in order of importance and tell why these values are important to you. They do not need to be values that appear on this test.

1.

2.

3.

4.

5.

VALUES AUCTION WORKSHEET

Name _____

Date _____

	Total Points Earned
18	Total Points Possible
	Percentage

Directions: Decide which values to bid on with the allotted money provided and write the budgeted amount in the first column. During the auction, record the highest amount personally bid in the second column and the top bid which purchased the item in the last column.

Item	Amount I Budgeted	Highest Amount I Bid	Top Bid
A Comfortable Life (a prosperous life)			
Equality (brotherhood, equal opportunity)			
An Exciting Life (stimulating, active life)			
Family Security (taking care of loved ones)			
Freedom (independence, free choice)			
Happiness (pleased)			
Inner Harmony (no inner conflict)			
Mature Love (spiritual intimacy)			
National Security (protection from attack)			
Pleasure (an enjoyable leisurely life)			
Salvation (deliverance from sin, eternal life)			
Self Respect (self esteem, feeling good)			
Sense of Accomplishment (a contribution)			
Social Recognition (respect, prestige)			
True Friendship (close companionship)			
Wisdom (mature understanding of life)			

Goal Notes

- I. Think of someone you think is successful. What does it mean to be successful? What characteristics does this person have?
-

- II. Define the following terms and give an example.

1. Long Term Goal
2. Intermediate Goal
3. Short Term Goal
4. Incidental Goal

- III. S.M.A.R.T. Financial Goals

1. Specific. State exactly what is to be done with the money involved.
Example: I plan to save for a down payment on a new car.
2. Measurable. To make a goal measurable, write the exact dollar amount the goal is for.
Example: I plan to save \$5,000 for a down payment on a new car.
3. Attainable. To make a goal attainable, determine how the goal can be reached, which is often determined by an individual's budget.
Example: I plan to save \$5,000 for a down payment on a new car by saving \$200 from every pay check.
4. Be realistic. Do not set the goal for something unattainable or realistic. If a person is working and barely meeting their immediate needs, saving \$5,000 for a new car is not something they can afford.
5. Time Bound. To make the goal time bound, specifically state when the goal need to be reached. This is influenced by how attainable the goal is. You would have to save for about 2 years to reach \$5,000.

Final Goal Statement: I plan to save \$5,000 for a down payment on a new car by saving \$200 from every paycheck for two years.

SETTING A FINANCIAL GOAL

Name _____

Date _____

	Total Points Earned
12	Total Points Possible (2 points per statement)
	Percentage

Directions: Write a financial goal for yourself by following the five elements of financial goal setting.

Specific

- To be specific, state exactly what is to be done with the money involved in the goal.
 - For example: I plan to save for a down payment on a new car.

What specific item are you saving for?

Measurable

- To make a goal measurable, write the exact dollar amount the goal is for.
 - For example: I plan to save \$5,000 for a down payment on a new car.

How much would you like to save?

Attainable

- To make the goal attainable, determine how the goal can be reached, which is often determined by an individual's budget.
 - For example: I plan to save \$5,000 for a down payment on a new car by saving \$200 from every paycheck.

How are you going to reach this goal?



Realistic

- Be realistic. Do not set the goal for something unattainable or unrealistic. If a person is working and barely meeting their immediate needs, saving \$5,000 for a new car is not something they can afford.

Is the goal realistic? Why or why not?

Time Bound

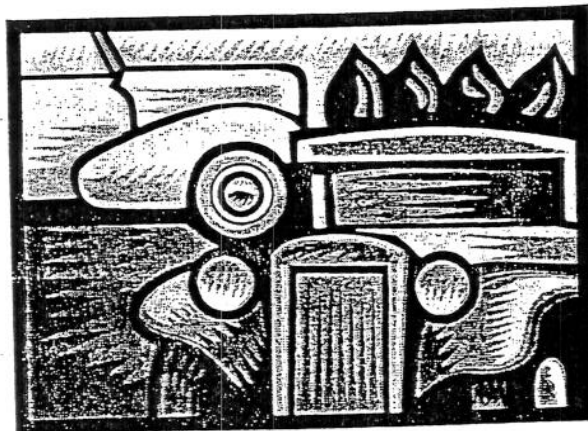
- To make the goal time bound, specifically state when the goal needs to be reached. This is influenced by how attainable the goal is.
 - Realistically, a person cannot save \$5000 for a new car by only taking \$200 out of their paycheck within 6 months.

When will you reach your goal?

The final goal example:

- I plan to save \$5,000 for a down payment on a new car by saving \$200 from every paycheck for two years.

What is your final goal statement?



S.M.A.R.T GOALS ASSIGNMENT

30 points possible

Identify two personal goals and one financial goal using all 5 elements of the Smart Goal Setting Process. One must be a short term goal which means you could accomplish it during the school year. One must be a long term goal and the other goal can be your choice.

Goal #1:

Goal #2:

Goal #3:

PERSONAL LIFE CYCLE OF FINANCIAL PLANNING

Name _____

Date _____

	Total Points Earned
20	Total Points Possible
	Percentage

Directions: Answer the following questions in relation to the ideas presented during the discussion to your own personal financial situation.

1. What stage of the life cycle are you at currently? (1 point)
2. State three specific financial goals in your life cycle financial plan. (3 points)
3. List three resources you currently have available to work toward your financial goals. (3 points)
4. What are three possible life cycle changes which could affect your current financial plans in the next five years? (3 points)
5. List three personal values which affect your financial planning. (3 points)
6. Why do financial plans change throughout the life cycle? (1 point)
7. List two of the financial resources you are counting on to meet your goals in the next five years. (2 points)
8. List two for the next ten years. (2 points)
9. List two other financial resources you could have to meet future needs if you were to begin to develop them now: (2 points)





BUILDING BLOCKS OF PERSONAL FINANCE

GRADE LEVEL 9-12

"TAKE CHARGE OF YOUR FINANCES"

Personal finance is a curriculum area in which many things are hierarchical (they build upon each other). Without having the first step, or the basic foundation, nothing else can be achieved. Using building blocks is a fun way to visually illustrate the levels of each concept to students. The following are some examples.

THE BUILDING BLOCKS OF FINANCIAL SUCCESS

1. Foundation
 - a. Use of regular income to provide basic lifestyle and savings to meet emergencies.
2. Base
 - a. The base of a solid foundation includes having basic money management tools such as a checking account, savings account, money market account, and insurance protection.
3. Establish
 - a. When developing a financial plan, a person must have long and short term goals, organized financial records, a spending plan, and an emergency savings fund.
4. Manage
 - a. Solid financial management includes properly managing large expenses including housing, transportation, insurance, and income taxes.
5. Handle
 - a. A person must be able to responsibly handle credit cards, loans, savings accounts, and education costs.
6. Invest
 - a. Investments must be made for an individual's retirement or long term goals in tools such as mutual funds, stocks, bonds, real estate, and pension plans.
7. Achieve
 - a. Once all of these steps are taken, a person will lead a financially successful life.

RELATIONSHIP BETWEEN EDUCATION AND INCOME

(INVESTMENT IN YOURSELF LESSON)

(Annual Household Earning)

1. No High School Diploma - \$20,724
2. High School Diploma - \$34,373
3. Some College - \$41,658
4. Bachelor's Degree - \$62,188
5. Professional Degree - \$95,309



STEPS TO CREATING SPENDING PLANS

(CREATING A SPENDING PLAN LESSON)

1. Set Goals
2. Organize
3. Decide
4. Implement
5. Control
6. Evaluate

STEPS TO GOAL SETTING

(SETTING FINANCIAL GOALS LESSON)

1. Specific
2. Measurable
3. Attainable
4. Realistic
5. Time Bound

INVESTMENT RISK PYRAMID

(LANGUAGE OF THE STOCK MARKET LESSON)

1. Financial Security (low risk)
2. Safety and Income
3. Growth
4. Speculation (high risk)

STEPS TO WISE BUYING

(WISE BUYING LESSON)

1. Prioritize Wants
2. Pre-shopping Research
3. Fitting the Budget
4. Comparison Shopping
5. Negotiating
6. Making the Decision
7. Complimenting/Complaining appropriately

PERSONAL FINANCIAL MANAGEMENT PYRAMID

(LIFE CYCLE OF FINANCIAL PLANNING LESSON)

1. Estate Planning
2. Term Wealth
3. Risk and Tax Management
4. Credit and Debt Management
5. Management



STOCK MARKET TERMINOLOGY

Term	Definition
Stock Market	A general term used to describe all transactions involving the buying and selling of stock shares issued by a company.
Stock	A share of ownership in the assets and earnings of a business.
Stock Certificate	The piece of paper a shareholder receives representing their ownership of a stock.
Portfolio Diversification	An individual who has a variety of investments tools to decrease risk.
Investment Risk	The uncertainty about the outcome of an investment.
Rate of Return	The increase or decrease in the original purchase price of an investment.
Common Stock	Shares or units of ownership in a public corporation. The shareholder has voting rights in the corporation.
Stock Split	Shares owned by existing stockholders are divided into a larger number of shares.
Dividends	Distributions of earnings paid to stockholders.
Preferred Stock	Shares which pay fixed dividends and have precedence over common stock.
Par Value	The fixed value stated on a preferred stock certificate which indicates the dividends which will be paid to the shareholder.
Market Price	The amount a willing buyer will pay a willing seller for a stock.
Growth Stock	A stock from a company which has a consistent record of relatively rapid growth and earnings in all economic conditions.
Income Stock	A stock which pays higher than average dividends because the company chooses to retain only a small portion of the profits.
Value Stock	Stock from a company which has a low market price considering historical earning records and value of current assets.
Countercyclical Stock	Stock from a company which gives consistent records of returns even when the economy is suffering because their product is always in demand.
Cyclical Stock	A stock which is greatly influenced by changes in the economic business cycle.
Speculative Stock	A very high risk stock from a company with potential for substantial earnings in the future.
Blue Chip Stock	Stock from nationally recognized companies which dominate the industry often having annual revenue of \$1 billion or more.
Book Value	Net worth of a company.
Earnings Per Share	How much income a company has available to pay in dividends and reinvest as retained earnings on a per share basis.
Price/earning Ratio	Relationship between the price of one share of stock and the annual earnings of the company.
Beta	A measure of a stock's volatility compared to changes in the overall stock market.
Year to Date	Stock price percent change from January 1 st .
52 Week High	The highest price a stock was sold for in the past 52 weeks.



52 Week Low	The lowest price a stock was sold for in the past 52 weeks.
Stock Ticker Symbol	A stock's abbreviated trading symbol name.
Dividends per Share	Total cash paid to common stockholders per share.
Dividend Yield Percentage	The dividend expressed as a percentage of the price of the share.
Volume 100's	Number of transactions to the share on the reported day, represented in hundreds.
High Selling Price	Highest selling price of one share of stock from the previous day.
Low Selling Price	Lowest selling price of one share of stock from the previous day.
Close	The price of the last share sold for the day.
Net Change	Difference between the closing price of the share from the prior day and the current day.
Dow Jones Industrial	Oldest indicator of the ups and downs of the stock market. Lists the 30 leading industrial blue chip stocks.
Standard and Poor's 500 Index	Tracks the stock market activity for 500 stocks.
NASDAQ	Monitors fast moving technology and financial services stocks. Usually the companies are smaller and transactions occur over an electronic market.
Bear Market	The market is doing poorly and investors are not confident in the economy. Investors are not purchasing stocks and are selling what is already owned.
Bull Market	The market is doing well and investors are optimistic about the economy and purchasing stocks.
Broker	A person who is licensed to buy and sell stocks, provides investment advice, and collects a commission on each purchase or sale.
New York Stock Exchange	The oldest and largest exchange with the strictest company standards.
American Stock Exchange	The second largest exchange with less stringent requirements allowing for younger, smaller companies to be listed.
Regional Stock Exchange	Stocks traded to investors who are living in a specific geographical area.

Read pages 23-27

LANGUAGE OF THE STOCK MARKET

Name _____

Date _____

	Total Points Earned
41	Total Points Possible
	Percentage

Directions: Complete the following worksheet in conjunction with the *Language of the Stock Market* information sheet or PowerPoint presentation.

1. What is the definition of a stock? (1 point)
2. What are two reasons companies like to issue stock? (2 points)
3. What is the definition of a dividend? (1 point)
4. What is the relationship between risk and return? (1 point)
5. The two basic types of stock are _____ and _____. (2 points)
6. What are three ways the value of a common stock can change? (3 points)
7. How are dividends for preferred stocks paid? (1 point)
8. What is the difference between common and preferred stock? (1 point)
9. What types of companies are classified as a growth stock? (1 point)



10. What unique characteristic do income stocks have? (1 point)
11. Why is a value stock viewed as an investment bargain? (1 point)
12. If the economic business cycle is up, what is probably happening to cyclical stock prices? (1 point)
13. Why are utility and grocery companies generally classified as countercyclical stocks? (1 point)
14. Speculative stocks have potential for very substantial earnings and therefore are very _____ risk. (1 point)
15. What type of company is classified as being a blue chip stock? (1 point)
16. Why is understanding the book value of a company important to researching a stock? (1 point)
17. What is the definition of earnings per share? (1 point)
18. What does the price/earnings ratio represent? (1 point)
19. What is the difference between a high and low P/E ratio? (2 points)
20. What does beta measure? (1 point)
21. The year to date percent change is measured from what date? (1 point)
22. What is the definition of dividends per share? (1 point)



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23. What is the equation for dividend yield percentage? (1 point)

24. If the price/earnings ratio of a company is 43 to 1, what does this mean? (1 point)

25. What does close represent on a stock quote? (1 point)

26. What are the three indicators of the stock market? (3 points)

27. What is the difference between bull and bear markets? (2 point)

28. What is the job of a broker? (1 point)

29. Why do organized exchanges have minimum requirements? (1 point)

30. What are two characteristics of the NYSE? (2 points)

31. How is the American Stock Exchange different than the NYSE? (1 point)

32. What does NASDAQ stand for? (1 point)



THE MATH OF SELLING SHORT

Suppose you had a balance of \$68,899 and decided to short sell or you believe the stock you short sold has reached its lowest price. Below are mathematical examples of a short sell transaction and a short cover transaction.

SHORT SELL TRANSACTION

You decide to short sell 200 shares of Southern Company. Suppose Southern is \$270 per share.

STEP 1. You borrow 200 shares from your broker. The broker sells them for you. The proceeds from the short sale are determined by multiplying the current price per share by the number of shares sold short. Proceeds are not added to your ending balance at this time.

$$\$270 \times 200 = \$54,000$$

STEP 2. In The Stock Market Game a broker's fee of 2% is charged on all transactions.

$$\$54,000 \times .02 = \$1,080$$

STEP 3. The broker's fee is subtracted from the balance.

$$\$68,899 - \$1,080 = \$67,819$$

STEP 4. The transaction is added to the short position.

SHORT COVER TRANSACTION

To short cover means to buy back the stock originally borrowed from the broker for the short sell. Suppose Southern Company has fallen to \$200 per share and you wish to short cover.

STEP 1. The transaction value is the current price times the number of shares purchased.

$$\$200 \times 200 = \$40,000$$

STEP 2. In The Stock Market Game a broker's fee of 2% of the cost is charged on all transaction.

$$\$40,000 \times .02 = \$800$$

STEP 3. This is subtracted from the balance.

$$\$67,819 - \$800 = \$67,019$$

STEP 4. The gain or loss on the covered short position during that week is applied to the balance. *(Previous week's closing price - short cover price) x number of shares + balance = new ending balance.* This transaction eliminates the short position in Southern Company.

$$(\$270 - 200) \times 200 + \$67,019 = \$81,019$$

LANGUAGE OF THE STOCK MARKET

FAMILY ECONOMICS &
FINANCIAL EDUCATION



WHY LEARN ABOUT STOCKS?

One hears about the stock market on a daily basis. Not necessarily because they want to, but because it has become an integral part of American society. The market is the core of economic stability in the United States. Stocks and bonds represent companies which touch aspect of every person's life.

The stock market is a general term used to describe all transactions involving the buying and selling of stock shares issued by a company. A stock is a share of ownership in the assets and earnings of a company. It is represented by a piece of paper called the stock certificate. A bond is a type of debt that a company issues to investors for a specified amount of time. The company pays annual interest on the loan until the maturity date is reached when the principal is paid back to the

bondholder (lender).

When a company would like to grow, there are several methods which could be used to raise the funds and pay for ongoing business activities. One of the most preferred methods is to sell shares of ownership, called stock, to investors. Two reasons why issuing stock is popular are the company does not have to repay the money and paying dividends is optional. Investors that purchase stock earn money from increases in the stock's value and/or dividends.

An individual who keeps all of his/her earnings in an ultraconservative savings and investment option, such as a Certificate of Deposit, will have low earnings which will barely cover taxes and inflation. Therefore, the increased earning potential has made investing in the stock market an essential element to

portfolio diversification. A person with a diversified portfolio has money invested in a variety of investment tools to decrease risk. Stocks are very marketable because they can be bought and sold with ease.

Investing in stocks increases an individual's potential future earning power. There is also an increased risk the individual will lose his/her money.

Determining which stock to purchase can be very difficult because there are more than 7,000 companies available which offer stocks. To decrease the potential risks associated with investing in the stock market, a person must be able to research and track stocks. Two basic types of stock an investor may choose to put his/her money into are common and preferred.

COMMON STOCK

Common stock refers to shares or units of ownership in a public corporation. This is the most typical kind of stock.

An individual who has invested in common stock has one-vote-per-share owned to determine the company's board of directors. The value of a stock can change in four ways. The dollar value of the stock changes between the time the buyer purchases and sells a stock. A stock split occurs. This means, if there is a 2 for 1 split and an individual owns one share worth \$100.00 after the split, the individual will own two shares worth \$50.00 each. After a split, the value of a stock generally increases. A merger (joining) of two companies occurs causing a change in the stock price. Dividends are distributions of earnings a corporation pays to stockholders. They are paid in the form of cash, company products, property, discounts, and additional stocks.

PREFERRED STOCK

Preferred stock refers to shares which pay fixed dividends and have precedence over common stock. Because of this priority, preferred stock has less risk than a common stock.

Individuals do not have a vote to determine the company's board of directors. Dividends for each stock are stated as a percentage known as the par value. This value is a fixed percentage stated on the stock certificate. If a \$100.00 stock has a par value of 6%, the dollar amount would be \$6.00 per dividend period. The market price, amount a willing buyer would pay a willing seller for the stock, is based upon interest rates of the economy. If interest rates increase, the market price decreases so the stock remains competitive with other investment options. Typically a person can find this information in the business section of a newspaper or on the internet.



COMMON STOCK CLASSIFICATIONS

For an investor to have a diversified stock portfolio, he/she must have a variety of stocks which fall into different categories. There are seven basic classifications for common stocks:

GROWTH

Growth stocks are from companies who have a consistent record of relatively rapid growth and earnings in all economic conditions. They are generally new companies expanding their product line by retaining all income and therefore pay no dividends. Income can be earned from an increase in market price. The beta is 1.5 or higher.

INCOME

Income stocks pay higher than average dividends because the company chooses to retain only a small portion of its profits. These stocks are attractive to investors who are interested in receiving dividends and are not worried about selling the stock at a higher market price. These stocks are from companies who have a steady stream of income such as utility companies. The beta is less than 1.0.

VALUE

Value stocks are from companies which have a low market price considering their historical earning records and value of current assets. They are often viewed as investment bargains. Previous examples have included Time Warner and IBM.

COUNTERCYCLICAL

Countercyclical stocks (defensive) are companies which give consistent returns even when the economy is suffering because their products are always in demand. They are good for investors who are always looking to receive dividends. Examples include tobacco companies, utility companies and grocery stores. The beta is 1.0 or below, even in the negative.

CYCLICAL

Cyclical stocks are greatly influenced by changes in the economic business cycle. If the economy is doing poorly, so is the stock. They are companies which operate in major consumer dependent industries such as automobiles, housing, or airlines. The beta is generally 1.0.

SPECULATIVE

Speculative stocks are from companies with potential for substantial earnings in the future. These stocks are very high risk, but very profitable if the company grows. The company has a very spotty earnings pattern or is so new an earnings pattern has not yet emerged. Internet, genetic engineering, and video game companies are examples of speculative companies. Microsoft was once a speculative company and is now a growth stock. The beta is 2.0 or higher.

BLUE CHIP

Blue-chip stocks are from nationally recognized companies which dominate the industry often having annual revenue of \$1 billion or more. They have long records of profit, dividend payments, and a good reputation for the company management, products, and services. These stocks are generally higher priced but less risky because they are expected to grow at a consistent rate. McDonalds, General Motors, and General Electric are examples of blue-chip stock companies.

LANGUAGE OF THE STOCK MARKET



RESEARCHING A STOCK

There are four numerical measures an investor may use to determine how well a company's stock is doing.

1 Book value is the net worth of a company. It is determined by subtracting a company's liabilities from its assets. These numbers can be found in the company's annual report. The number indicates what would happen if a company's assets were sold, debts paid off, and all proceeds were distributed to those who own shares of common stock.

Formula

$$\text{Assets} - \text{Liabilities} = \text{Book value}$$

Example

$$\$154,000,000 - \$72,000,000 = \$82,000,000$$

2 Earnings per share (EPS) indicates how much income a company has available to pay in dividends and reinvest as retained earnings on a per share basis. This indicator is highly regarded as an important statistic to evaluating a stock because it indicates how well a company is doing overall. It is determined by dividing the corporation's after tax annual earnings (before common stockholders are paid but after dividends are paid to preferred stockholders) by the total number of shares of common stock. These numbers can be found in the business section of many newspapers.

Formula

$$\frac{\text{After tax annual earnings}}{\text{Total number of shares of common stock}} = \text{Earnings per share}$$

Example

$$\frac{\$15,500,000}{7,620,900} = \$2.03 \text{ earnings per share}$$

$$7,620,900$$

3 Price/earnings ratio (P/E ratio) is the relationship between the price of one share of stock and the annual earnings of the company. It is the most widely used and critical measure of a stock's price. It represents how much investors are willing to pay for each dollar of a company's earnings. Most companies' P/E ratio is 5 to 25. Financially successful companies have a ratio of 7-10, rapidly growing companies are between 15-25, and speculative companies are 40-50. Lower P/E stocks pay higher dividends, have less risk, lower prices, and slow growth. High P/E ratios indicate a firm is expected to have a lot of growth in the future. Information can be found in a newspaper.

Formula

$$\frac{\text{Price per share}}{\text{Earnings of the stock}} = \text{P/E ratio}$$

$$= \text{P/E ratio}$$

Example

$$\frac{\$43.00}{\$2.03} = 21 \text{ P/E ratio}$$

$$21 \text{ P/E ratio}$$

4 Beta measures a stock volatility compared to changes in the overall stock market. If a stock has a beta of +1.5 and the market went up 10%, it is expected the value of the stock would rise 15%. Conversely, if the market dropped 10%, a +1.5 beta stock would drop 15%. Stocks have an average beta between +0.5 - +2.0. A negative beta indicates a countercyclical stock because the price changes are opposite the movements in the business cycle. Conservative investors want a stock with a beta of +1.0 or less meaning the stock is less sensitive to changes in the market. A beta of +1.1 - +2.0 indicates the stock is more sensitive to changes in the market because it moves at a greater percentage. A higher beta indicates a greater risk. Beta can be found by doing an internet search for "company ticker symbol + beta."



STOCK MARKET INDICATORS

There are three basic indexes which track stocks and give individuals a sense of the general health of the economy.

The Dow Jones Industrial Average began in 1884 and is the oldest indicator of the ups and downs of the stock market. It was named after a cofounder, Charles H. Dow, and is nicknamed the Dow. It lists the 30 leading industrial blue chip stocks

www.djindexes.com

The Standard & Poor's 500 Composite Index covers market activity for 500 stocks. It is more accurate than the Dow because it evaluates a greater variety of stocks.

www.standardandpoors.com

The NASDAQ (National Association of Security Dealers Automated Quotations) monitors fast moving technology and financial services stocks. It covers the market activity for all stocks traded on the NASDAQ. Because the NASDAQ monitors smaller companies with a more speculative stock it generally has more dramatic ups and downs compared to the Dow.

www.nasdaq-amex.com

BROKERS

A broker is a person who is licensed to buy and sell stocks, provide investment advice, and collect a commission on each purchase or sale. A broker buys and sells stocks on the stock market (organized exchange). Over three-fourths of all stocks are bought and sold on an organized exchange. Each exchange has minimum requirements for a stock to ensure only reputable companies are used. The minimum standards include an evaluation of annual earnings before taxes, net assets, market value, number of common shares offered to the public, and number of stockholders owning 100 or more shares. Each exchange has a limited number of seats available which brokerage firms may purchase to give them the legal right to buy and sell stocks on the exchange.

ORGANIZED EXCHANGES

The New York Stock Exchange (NYSE) began in 1792 and is the largest exchange with the strictest company standards. There are 1,366 broker seats available to trade shares for the 2,800 companies who offer stocks on the NYSE. The average stock price is \$33.00.

www.nyse.com

The American Stock Exchange (AMEX) began in 1849 and is the second largest exchange. It differs from the NYSE because its requirements are not as strict allowing it to list younger, smaller companies. The average stock price is \$24.00.

www.amex.com

Regional Stock Exchanges trade stocks to investors living in a specific geographical area. Regional exchanges include Boston, Cincinnati,

Intermountain, Midwest, Philadelphia, and Spokane.

National Association of Securities Dealers Automated Quotations (NASDAQ) Not all stocks are listed on a securities exchange. Some are sold in the over-the-counter market. These stock transactions are negotiated through a sophisticated telecommunication network run by the NASDAQ. The NASDAQ has more than 4,000 small United States and foreign companies listed. The company requirements are not strict. The NASDAQ works by having two brokers negotiate a stock's purchase and selling price. The price at which a stock is sold is the lowest price any broker will accept at the time.

The average stock price is \$11.00

www.nasdaq.com



THE UPS AND DOWNS

The term bull market describes the state of the economy when the market is doing well and investors are optimistic about the economy and are purchasing stocks. A bull market occurs when prices have risen 20 percent or more over time. On average, the bull markets last 29 months at a time.

The term bear market describes the state of the economy when the market is doing poorly and investors are not confident in the economy. Therefore, they are not purchasing stocks or are selling stocks already owned. It is characterized by a 20 percent decline from previous highs. On average, the bear markets lasts 9 months at a time.



BEHIND THE SCENES

When a person has chosen a stock he/she would like to purchase, they may purchase it on their own, however there are some practical and legal problems which can occur. The stock market is a highly regulated exchange allowing only those who are properly registered and licensed to buy and sell stock.

When individuals think of a stock exchange, they imagine this scene of frantic activity, people yelling, making strange hand signals, and papers flying. However, the stock exchange is actually a very methodical and organized system. Buyers and sellers are meeting to compete for the best price for their customers. It is based upon the laws of supply and demand. A trade occurs when the highest bid meets the lowest offer to sell.

HOW A STOCK IS BOUGHT AND SOLD

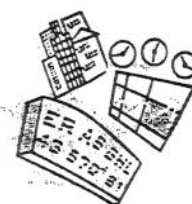
1. Tawni Baker is a recent law school graduate, living in Boston, Massachusetts. She would like a stock which pays dividends to help put a down payment on a new condominium.
- 1a. Jerry Jones is a young engineer working for Boeing in Seattle, Washington. He has decided to sell 100 shares of his ABC stock. Jerry needs some extra money to renovate his home and is expecting his first child.
2. Tawni discusses various investment opportunities with her broker to find a stock which will pay dividends. Her broker recommends 100 shares of ABC stock. Tawni requests a quote.
- 2a. Jerry asks his broker for a price quote on his 100 shares of his ABC stock.
3. Both brokers request quotes from the exchanges trading floor via an electronic data market system.
4. Tawni instructs her broker to purchase 100 shares of ABC stock at the current market price. The broker sends the order to the firms order department.
- 4a. Jerry instructs his broker to sell 100 shares of ABC stock at the current market price. The broker sends the order to the firms order department.
5. The firms order department signals to the floor clerk who tells a partner on the stock floor exchange, the floor broker. At the NYSE, this is done by using either the Broker Booth Support System or SuperDot.
6. The floor brokers to the trading post where the specific stock is traded. A specialist at the post ensures the trade is executed fairly and in an orderly manner.
7. The floor brokers compete with brokers from other firms on the trading floor to receive the best prices for their custom. The laws of supply and demand determine the price. The floor brokers representing Tawni and Jerry agree on a price.
8. The order is executed when the specialist signals the transaction to the brokerage firms.
9. Within three business days, both Tawni and Jerry are sent confirmation describing the trade, its' terms and conditions, and the exact amount to be paid or received.
10. Tawni settles her account within three business days submitting payment to her brokerage firm.
- 10a. Jerry settles his trade in three business days. His account is credited with the proceeds of the sale minus any commissions charged by his brokerage firm.

READING STOCK QUOTES

The following descriptions are possible elements to be listed for stock quotes. Each chart may vary. For example, the Wall Street Journal does not include the High and Low numbers for the reported day whereas local newspapers may. The Wall Street Journal is the most widely read financial newspaper responsible for reporting daily transactions.

1	2	3	4	5	6	7	8	9	10		
YTD %	52-Week	STOCK	DIV	YLD %	P/E	VOL 100s	HIGH	LOW	CLOSE	NET CHG	
-50.6	14	4.15	AAR	.10	2.2	30	1479	4.51	4.40	4.45	0.27
-11.0	19.75	12.48	ABM	.36	2.6	21	1913	14.01	13.85	13.95	0.10
-27.3	20.44	10.57	ABN	.82e	6.9	...	4397	11.93	11.79	11.84	0.72
-26.0	44.98	22.01	ACE	.68	2.3	2	17128	30.10	29.65	29.73	-0.04

1. **YTD%** - Year to date percent change is the stock price percent change from January 1st of the current year.
2. **52-WEEK HIGH & LOW** - Shows the highest and lowest prices the stock was sold per share during the last 52 weeks.
3. **STOCK** - Each company's stock is provided with an abbreviated trading symbol name.
4. **DIV** - Dividends per share is the total cash paid to common stockholders per share. It is based upon annual payments. An "e" next to the number indicates dividends have been paid in the previous year, but not on a regular basis. If a company paid \$10,000 in dividends for 30,000 shares, the dividends per share would be \$0.33 (10,000/30,000). This is helpful when determining the type of stock. An individual looking for an income stock would want to ensure high dividends are paid.
5. **YLD%** - Dividend yield percentage is the dividend expressed as a percentage of the price of the share. If a company paid \$1.25 in dividends for a stock with a market price of \$50.00, the dividend yield percentage would be 2.5% (1.25/50.00).
6. **P/E** - Price/earnings ratio is the closing price of the share compared to the annual earnings per share. If a stock's market price is \$50.00 and the earnings per share are \$2.25, the P/E ratio will be 22.2 (50.00/2.25) or 22 to 1. This means for every dollar the company earns, the stock's market price is worth \$22.00. This shows how the market values a stock because it describes how much investors are willing to pay for each dollar of earnings.
7. **VOL 100s** - This is the number of transactions to the share on the reported day, represented in hundreds (take the number and add two zeros).
8. **HIGH & LOW** - These entries represent the high and low selling prices of one share of stock for the previous day.
9. **CLOSE** - This is the price of the last share sold for the day.
10. **NET CHG** - Net Change is the difference between the closing price of the share from the prior day and the current day. A loss is indicated by a minus sign.



LANGUAGE OF THE STOCK MARKET



NASDAQ NATIONAL MARKET ISSUES

Composite Regular Trading

YTD % CHG	52 WEEKS HI	LO	STOCK (SYM)	YLD DIV %	PE	VOL 100S	LAST	NET CHG
-A-A-A-								
+147.0	25.10	8.13	aiPharma AAIL	cc	858	25.16	+1.96	
+107.5	23.45	11.17	AAON Inc AAONs	16	787	24.47	+1.02	
+42.4	13.95	8.69	ABC Bcp ABCB	.48	3.6	12	32	13.35 -0.30
-65.4	14.30	1.86	A B Wily ABWG	dd	1159	2.36	+0.11	
-50.7	3.06	0.69	ACE COMM ACEC	dd	1142	1.14		
+260.3	34	7.88	AC MooreArt ACMR	34	164	29.50	+0.60	
+7.4	11.97	3.89	ACT Telcni ACTT	29	1317	7.65	-0.35	
-74.9	2.38	0.22	A CnslgTm TACX	dd	207	0.29	-0.01	
+84.6	3.32	1.13	Adam ADAM	19	145	3	+0.05	
-74.6	21.81	2.63	ADC Tel ADCT	dd	97296	4.60	+0.06	
-43.3	20	8.40	ADE Cp ADEX	dd	175	10		
+20.1	30.65	17.06	ADTRAN Inc ADTN	45	2249	25.52	-0.89	
-46.4	68.05	19.44	AEP Ind AEP	dd	99	23.96	+0.16	
+39.3	29.42	16.13	AFC Ent AFCE n		1512	28.39	-0.11	
-71.0	11.50	1.21	AHL Svcs AHLs	dd	607	2.92	-0.03	
+28.9	14.97	10.63	AMCOR g AMCR	.84e	20	14.83	-0.14	
-48.9	6.41	1.86	AMX AMXC	dd	745	2.33	-0.02	
+119.1	28.90	9.63	ANSYS Inc ANSS	30	1317	24.65	-1.88	
-29.5	6	1.42	APAC CstSvc APAC		1989	2.60	+0.09	
-52.2	11.81	1.90	APA Optics APAT	dd	1823	3.11	+0.01	
-30.9	26.13	8.39	ARM ADS ARMHY		859	15.59	-0.30	
+63.9	17.44	6.80	ASE Tst ASTSF		1219	13.93	-0.06	
+109.5	27.29	9.25	ASM Int ASMI	10	1677	19.51	+0.36	
+45.8	15.50	6.38	ASV Inc ASVI	cc	272	11.66	+0.13	
+3.4	31.06	27.01	AT&T Canada B ATTC	dd	2736	30.19	+0.07	
+120.9	13.82	3.63	ATI Tch ATYT	dd	10943	12.70	-0.22	
+22.3	32.73	14.50	ATMI Inc. ATMI	cc	1785	23.85	-0.54	
-62.6	14.88	2.69	ATS Med ATSI	dd	2079	5.30	-0.48	
-84.3	4.56	0.55	AVAX Tch AVXT	dd	3433	0.59	-0.02	
+129.9	11.25	2.91	AVI BioPhrm AVII	dd	2390	10.92	-0.27	
+112.5	4.81	1	AVI BioPhrm wts		87	4.25	-0.05	
+70.7	4.22	1.06	AVI BioPhrm wt		95	3.20	+0.05	
-56.4	46.44	9.90	AXT AXTI	14	3539	14.43	+0.26	
+12.0	2.60	0.75	AastrmBio ASTM	dd	3163	0.98		
-3.8	6.28	2.31	Abaxis ABAX	dd	359	5.71	+0.06	
-43.0	63.31	15.31	Abgenix ABGX	dd	21189	33.64	-1.39	
+36.8	17	10	AbingtnBcp ABBK	.40	2.6	10	1	15.14 +0.33
-34.8	30	10.50	Abiomed ABMD	dd	2300	15.82	-1.11	
-31.6	18.98	4.69	AcaciaResrch ACRI s	stk	771	11.07	-0.70	
+175.0	51.81	15.51	Acambis ADS ACAM n		673	49.85	-0.18	
-85.6	4	0.12	AccrdntNtwk ACCL		2418	0.40	-0.01	
-41.0	3.69	0.98	Accelio ACLO	dd	262	1.88	+0.04	
+18.7	41.80	23.50	AccredoHlth ACDO s	54	2024	39.70	-1.30	
-76.0	3.13	0.13	AccrueSftrw ACRU	dd	1707	0.60	+0.05	
-13.1	13.88	7.25	AceCashExp AACE	72	114	9.40	+0.20	
+15.6	10.59	7.88	Aceto ACET	.32	3.1	17	22	10.40 +0.15
-53.4	17.75	4.31	ACLARA ACLA	dd	1670	5.07	+0.04	
+6.7	11.88	7	Acmtal A ACMTA	10	60	7.60	+0.05	
-26.1	12.75	4	ACME Comm ACME	dd	425	6.74	+0.33	
-17.7	31.81	15.27	Actel ACTL	cc	1332	19.91	-0.30	
-70.7	21.75	2.40	Acterna ACTR	dd	3583	3.95	+0.16	
+116.8	37.17	2.25	ActionPerf ACTN	23	3297	30.61	-1.00	
-21.5	6.75	1.11	ActionPoint ACTP	dd	175	1.62	+0.02	
-29.5	19.81	6	ActivCrd ADS ACTI	dd	346	9.39	+0.20	
-69.0	31.50	3.56	ActivePwr ACPW	dd	5915	6.80	-0.07	
+158.0	28.72	9.08	Activision ATVI s	49	6629	26.01	-0.49	
+33.5	44.30	15.25	ActradeFnl ACRT	13	2021	29.45	+1.25	
-72.4	24.13	2.80	Actuate ACTU	dd	4370	5.27	-0.03	
-56.0	7.98	1.26	ACTV IATV	dd	2607	1.87	-0.03	

YTD % CHG	52 WEEKS HI	LO	STOCK (SYM)	YLD DIV %	PE	VOL 100S	LAST	NET CHG
-57.0	71	17.80	AlbanyMolRsch AMRI	28	2779	26.49	+0.55	
-83.9	59.50	4.04	Alcatel ADS O ALAO	.09p	422	6.75	+0.15	
-17.9	34.50	19.69	Alcide ALCD	50	71	24		
-20.0	2	0.84	Aldila ALDA	18	3127	1.05	+0.05	
+1.7	29.61	20.61	Alex&Bldwn ALEX	.90	3.4	14	1564	26.70 -0.86
-62.4	78.89	14.01	AlexionPharm ALXN	dd	1779	24.44	+0.05	
+22.1	27.80	18.13	AlfaCp ALFA	.58	2.6	13	140	22.44 -0.21
+90.0	33.34	15.69	Alico ALCO	1.00	3.2	14	99	31.35 -0.43
-74.0	19.44	2.14	AlignTech ALGN n	dd	2197	4.50	-0.10	
-16.0	37.75	17.39	Alkermes ALKS	dd	6881	26.36	-0.09	
-55.6	14.50	2	AllAmSemi SEMI	dd	438	4	+0.08	
-94.0	7.63	0.20	AllCityIns ALCI	dd	28	0.36	+0.01	
-62.8	40	2.74	AllgnCtcm ALGX	dd	10494	8.29	+0.36	
+53.8	14.99	8.88	AllegntBcp ALLE	.24	1.7	11	84	13.75 +0.10
+3.8	26.12	24.99	AllegntCap II ALLEP n	.56e	2.2	13	26	+0.34
-41.3	55	30.02	AllenOrgn AORGB	.56	1.8	dd	18	31.10
-22.9	15.19	8.51	AllncAtis B AACB	10	279	11.32	+0.27	
-76.3	14	0.61	AllncFibrOpt AFOP	dd	230	1.42	-0.24	
+33.3	24.50	17.38	AllianceFnl ALNC	.74a	3.1	16	21	24 +1.50
+567.0	30.25	3.88	AllncGamg ALLY s	30	3462	29.39	+0.61	
-92.1	44.06	2.66	AllncPharm ALLP s	dd	2388	3.40	-0.05	
+50.6	29.99	15.88	AllncRes ARLP	2.00	7.4	22	261	27.10 -0.05
+6.8	16.50	6.24	AllncSemi ALSC	dd	2139	12.08	-0.15	
+26.0	3.95	2.69	AllnHlthcr AHPI	cc	31	3.70	+0.20	
-91.7	4.50	0.06	AldRsrComm ARCC	dd	4994	0.17	+0.02	
-13.9	8.88	4.25	Allos ALTH	dd	398	6.94	+0.84	
+180.1	22.60	6.81	Alloy ALOY	dd	4018	21.53	+0.33	
-65.3	12.05	1.87	AllscriptsHlth MDRX	dd	2450	3.24	+0.17	
-41.1	44.25	13.06	Alphalnd AHAA	cc	21696	21.80	-0.97	
-54.9	11.13	2.50	AlphaTch ATGI	8	209	4	+0.29	
+21.5	3.20	1.06	AlphaNetSol ALPH	dd	223	2.05	+0.05	
-6.7	3.44	0.81	Altairnt ALTI	1238	1.40	+0.07		
-19.4	34.69	14.66	AlteraCp ALTR	44	36904	21.22	-1.18	
-11.1	3.50	0.56	Altigen ATGN	dd	468	1		
-84.1	18.75	2.61	AltoPalrmo ADS APSA	5	2.99			
-74.2	17.50	1.55	Alvarion ALVR	dd	3611	3.69	+0.07	
+215.9	28.84	2.50	Amarin ADS AMRN	1060	17.38	-0.82		
-30.5	22.38	5.51	Amazon.com AMZN	dd	57002	10.82	-0.08	
+30.4	22.15	16.13	AmbanchHldg AHCI	.68	3.2	24	3	21.35
+10.5	27.60	13.40	Ambssdrlnl AMIE	.53e	2.5	7	149	20.99 -0.03
+8.0	24.05	18.13	AmcoreFnl AMFI	.64	2.9	14	290	22.35 -0.62
-4.1	22.77	16.25	Amerco UHAL	dd	171	18.82	-0.40	
+27.6	14.01	10.31	AmerianaBcp ASBI	.64f	4.8	13	1	13.40 -0.10
+26.3	12	9.03	AmFstApt APROZ	.95	7.9	25	12	+0.45
+13.2	7.39	5	AmFstRIEst AFREZ n	.60	9.0	26	6.65	+0.25
+33.8	7.87	5.38	AmFstTxEt ATAXZ	.54	7.3	113	7.36	-0.05
-16.0	23.63	11.17	AmMov ADS A AMOV n	.09e	.5	25	17.75	-1.00
+69.3	9.25	2.55	AmOnlnLn A AOLA	2201	4.55	+0.48		
-70.7	28.23	2.19	AmSvcGp ASGR	dd	423	7.63	+0.42	
+87.5	26.25	9.50	AmBcp AMBC	.60	2.7	16	93	22.50 +0.45
+243.7	23.72	4.38	AmBusFnl ABFI s	.32b	1.8	7	169	18.16 -0.14
+12.6	29.89	21.88	AmerCapStrg ACAS	2.28a	8.0	1394	28.35	-0.54
-16.0	11.50	3.74	AmDntlPtnr ADPI	12	5	6.30	+0.12	
-7.1	43	16.95	AmEagleOut AEOS s	17	7762	26.17	-0.20	
-17.6	3.25	1.47	AmEcology ECOL	25	69	1.75	+0.10	
+23.2	27.33	19.25	AmFnlHldg AMFH	.66	2.6	20	764	25.41 +0.13
+316.6	37.32	5.88	AmHlthways AMHC s	cc	1394	31.94	-0.56	
+154.7	22.20	4.25	AmHmMrgt AHMH	.12	1.0	8	675	12.10 -0.33
+209.1	15.25	5.13	AmLocker ALGI	11	551	17	+1.75	
-8.7	25.04	10.25	AmMgtSys AMSY	27	1078	18.08	-0.36	
+30.3	23.10	7.10	AmMedSysHldg AMMD	cc	1219	20.69	-0.46	
-19.7	1.94	0.41	AmMedTch ADLI	dd	635	1.33	+0.25	
+147.8	9.60	2.50	AmerNlFnl ANFI s	.50	7.0	6	82	7.18 -0.02
+15.2	84	64.50	AmNatllns ANAT	2.96	3.5	31	53	84.10 +0.59

YOU CAN READ THE FINANCIAL PAGE!

Answer the following questions by referring to the partial financial page stock report that you were given.

1. _____ How many shares of AmDntlPtnr were sold?
2. _____ What was the last price of AT&T Canada B?
3. _____ What is the dividend on a share of AmHmMrtg?
4. _____ What is the 52-week high of AceCashExp?
5. _____ What was the net change in price of AllianceFnl?
6. _____ What is the 52-week low of ActionPoint?
7. _____ What is the yield on a share of AmFstRIEst?
8. _____ What is the PE ratio of Alcide?
9. _____ What is the dividend on a share of AmbanchHldg?
10. _____ What is the YTD % Change of AC MooreArt?
11. _____ How many shares of ADC Tel were sold?
12. _____ What is the yield on a share of AllenOrgn?
13. _____ What was the net change in price of Abgenix?
14. _____ What is the YTD % Change of AllncGang?
15. _____ What was the last price of Activision?
16. _____ What is the PE ratio of ADTRAN Inc?
17. _____ What is the 52-week high of AmEagleOut?
18. _____ What is the dividend on a share of Alex&Bldwn?
19. _____ What is the 52-week low of AldRsrComm?
20. _____ How many shares of Amazon.com were sold?

A STOCK MARKET IQ QUIZ

1. Stocks are items found in the storeroom of a grocery store. T or F
2. Only rich people invest in the stock market. T or F
3. Most stocks on the stock market are sold by the United States Government. T or F
4. If the stock market goes up 30 percent one year, it will fall by 30 percent in the next year. T or F
5. Any stock that goes up in price must eventually come back down. T or F
6. Bears, Bulls, and Pigs are found in the stock market. T or F
7. Stock prices are set by the Securities and Exchange Commission, a regulatory agency of the U.S. government. T or F
8. Stock markets are open on business days around the clock, around the world. T or F
9. Sometimes companies buy their own stocks on the stock market. T or F
10. It is hard to buy a good stock today because all the good ones have already been purchased. T or F
11. Buying stocks is a sure way to make money. T or F
12. Corporations sell new issues of stock on the New York Stock Exchange. T or F
13. "Insider" stock trading means that trading stocks takes place inside a building. T or F
14. People can buy stocks on the Internet. T or F
15. When the stock market goes up, it causes the economy to grow. T or F

YOUR STOCK MARKET IQ SCORE SHEET

Name _____

Date _____

1. True or False Score (-5 or +5)
(circle one) (double down -10 or +10) _____

2. True or False Score (-5 or +5)
(circle one) (double down -10 or +10) _____

3. True or False Score (-5 or +5)
(circle one) (double down -10 or +10) _____

4. True or False Score (-5 or +5)
(circle one) (double down -10 or +10) _____

5. True or False Score (-5 or +5)
(circle one) (double down -10 or +10) _____

6. True or False Score (-5 or +5)
(circle one) (double down -10 or +10) _____

7. True or False Score (-5 or +5)
(circle one) (double down -10 or +10) _____

8. True or False Score (-5 or +5)
(circle one) (double down -10 or +10) _____

9. True or False Score (-5 or +5)
(circle one) (double down -10 or +10) _____

10. True or False Score (-5 or +5)
(circle one) (double down -10 or +10) _____

11. True or False Score (-5 or +5)
(circle one) (double down -10 or +10) _____

12. True or False Score (-5 or +5)
(circle one) (double down -10 or +10) _____

13. True or False Score (-5 or +5)
(circle one) (double down -10 or +10) _____

14. True or False Score (-5 or +5)
(circle one) (double down -10 or +10) _____

15. True or False Score (-5 or +5)
(circle one) (double down -10 or +10) _____

Advertising Notes

1. What percentage of American children have television sets in their bedrooms?
 - A. 15%
 - B. 25%
 - C. 40%
 - D. 65%

2. The average American seventh grader
 - A. watches 3 hours of TV per day.
 - B. Listens to three hours of music per day.
 - C. Surfs the internet and communicates via e-mail three hours per day.
 - D. Plays video games three hours per day.

3. Excessive TV viewing has been linked to
 - A. Nearsighted vision
 - B. Obesity
 - C. Attention Deficit Disorder
 - D. Fine Motor Skill Impairment

4. By age 18, the average U.S. child's TV viewing has included 16,000 of these:
 - A. Beer Commercials
 - B. Sexually Explicit Scenes
 - C. Murders
 - D. Infomercials

5. In the top 20 TV shows among teen viewers, the average number of scenes per hour with sexual content is:
 - a. 1 scene per hour
 - b. 3 scenes per hour
 - c. 5 scenes per hour
 - d. 6 scenes per hour

I. Three Categories of Advertising

A. Periodical

B. Mass

C. Direct

II. Advertising Techniques

A. Status/Success

B. Hero Endorsement

C. Sex Appeal

D. Entertainment

E. Testimonial

III. Gimmicks and Tricks

A. Bait and Switch.

B. Negative Option.

C. Supermarket Specials

D. Scientific/Numerical Claims.

IV. Evaluating Advertising

A.

B.

C.

*Use page 39 to score your answers!

PERSONALITY MOSAIC TEST

Name _____

Date _____

	Total Points Earned
45	Total Points Possible
	Percentage

Directions: Circle the numbers of statements which clearly sound like you might say, do, or think – something that feels like you. Check (✓) the numbers of items you are not sure of to see how they change your score. Put the letter X on the numbers of statements which are not you to get a negative total.

1. It is important for me to have a strong agile body.
2. I need to understand things thoroughly.
3. Music, color, or beauty of any kind can really affect my moods.
4. People enrich my life and give it meaning.
5. I have confidence in myself that I can make things happen.
6. I need clear directions so I know exactly what to do
7. I can usually carry/build/fix things myself.
8. I can get absorbed for hours in thinking something out.
9. I appreciate beautiful surroundings; color and design mean a lot to me.
10. I will spend time finding ways to help people through personal crises.
11. I enjoy competing.
12. I will spend time getting carefully organized before I start a project.
13. I enjoy making things with my hands.
14. It is satisfying to explore new ideas.
15. I always seem to be looking for new ways to express my creativity.
16. I value being able share personal concerns with people.
17. Being a key person in a group is very satisfying to me.
18. I take pride in being very careful about all the details of my work.
19. I don't mind getting my hands dirty.
20. I see education as a lifelong process of developing and sharpening my mind.



21. I love to dress in unusual ways to try new colors and styles.
22. I can often sense when a person needs to talk to someone.
23. I enjoy getting people organized and on the move.
24. I would rather be safe than adventurous in making decisions.
25. I like to buy sensible things I can make or work on myself.
26. Sometimes I can sit for long periods of time and work on puzzles or read or just think about life.
27. I have a great imagination.
28. I like to help people develop their talents and abilities.
29. I like to have people rely on me to get the job done.
30. I usually prepare carefully ahead of time if I have to handle a new situation.
31. I would rather be on my doing practical hands-on activities.
32. I am eager to read about any subject which arouses my curiosity.
33. I love to try creative new ideas.
34. If I have a problem with someone, I will keep trying to resolve it peacefully.
35. To be successful, it is important to aim high.
36. I do not like to have responsibility for big decisions.
37. I say what is on my mind and do not beat around the bush.
38. I need to analyze a problem pretty thoroughly before I act on it.
39. I like to rearrange my surroundings to make them unique and different.
40. I often solve my personal problems by talking them out with someone.
41. I get projects started and let others take care of details.
42. Being on time is very important to me.
43. It is invigorating to do things outdoors.
44. I keep asking "why."
45. I like my work to be an expression of my moods and feelings.
46. I like to find ways to help people care more for each other.
47. It is exciting to take part in important decisions.
48. I usually have things around me in order.
49. I like my surroundings to be plain and practical.
50. I need to stay with a problem until I figure out an answer.



51. The beauty of nature touches something deep inside me.
52. Close relationships are important to me.
53. Promotion and advancement are important to me.
54. I feel more secure when my day is well planned.
55. A strong system of law and order is important to prevent chaos.
56. Thought-provoking books always broaden my perspective.
57. I look forward to seeing art shows, plays, and good films.
58. I can deal with and understand people who express strong feelings.
59. It is exciting to influence people.
60. When I say I will do it, I follow through on every detail.
61. Good, hard physical work never hurt anyone.
62. I would like to learn all there is to know about subjects which interest me.
63. I do not want to be like everyone else; I like to do things differently.
64. When people have a problem, I go out of my way to be flexible and caring.
65. I am willing to take some risks to get ahead.
66. I feel more secure when I follow rules.
67. The first thing I look for in a car is a well-built engine.
68. I enjoy intellectually stimulating conversations.
69. When I am creating, I tend to let everything else go.
70. I feel concerned that so many people in our society need help.
71. It is fun to get ideas across to people.
72. I am very good about checking details.
73. I usually know how to take care of things in an emergency.
74. Just reading about new discoveries is exciting.
75. I like to create happenings.
76. I often go out of my way to pay attention to people who seem lonely and friendless.
77. I love to bargain.
78. I like to be very careful about spending money.
79. Sports are important in building strong bodies.
80. I have always been curious about the way nature works.
81. It is fun to be in a mood or try or do something unusual.



-
- 82. I am a good listener when people talk about personal problems.
 - 83. If I do not make it the first time, I usually bounce back with energy and enthusiasm.
 - 84. I need to know exactly what people expect of me.
 - 85. I like to take things apart to see if I can fix them.
 - 86. Do not get excited. We can think it out and plan the right move logically.
 - 87. It would be hard to imagine my life without beauty around me.
 - 88. People often seem to tell me their problems.
 - 89. I can usually connect with people who get me in touch with a network of resources.
 - 90. It is very satisfying to do a task carefully and completely.

Source: Provided by Montana State University Career Services; Adapted from John Holland,
Making Personal Career Choices: A Theory of Careers (1973)



O = yes
 ✓ = maybe
 X = not at all

SCORING ANSWERS FOR THE PERSONALITY MOSAIC

Name _____

Date _____

	Total Points Earned
15	Total Points Possible
	Percentage

Directions: To score, circle, check (✓), and X the numbers on the chart below which were marked on the *Personality Mosaic Test* worksheet.

R	I	A	S	E	C
1	2	3	4	5	6
7	8	9	10	11	12
13	14	15	16	17	18
19	20	21	22	23	24
25	26	27	28	29	30
31	32	33	34	35	36
37	38	39	40	41	42
43	44	45	46	47	48
49	50	51	52	53	54
55	56	57	58	59	60
61	62	63	64	65	66
67	68	69	70	71	72
73	74	75	76	77	78
79	80	81	82	83	84
85	86	87	88	89	90

Count the number of circles in each column and write the totals in the spaces below:

R I A S E C

List the letters R, I, A, S, E, and C, according to the largest scores, from highest to lowest:

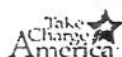
1st _____ 2nd _____ 3rd _____ 4th _____ 5th _____ 6th _____

Does adding in the items with a ✓ change the order? _____

How? _____

Which areas have the most negatives (X)? _____

Source: Provided by Montana State University Career Services: Adapted from John Holland.
 Making Personal Career Choices: A Theory of Careers (1973)



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 Funded by a grant from Take Charge America, Inc. to the Department of Health and Human Development at Montana State University - Bozeman



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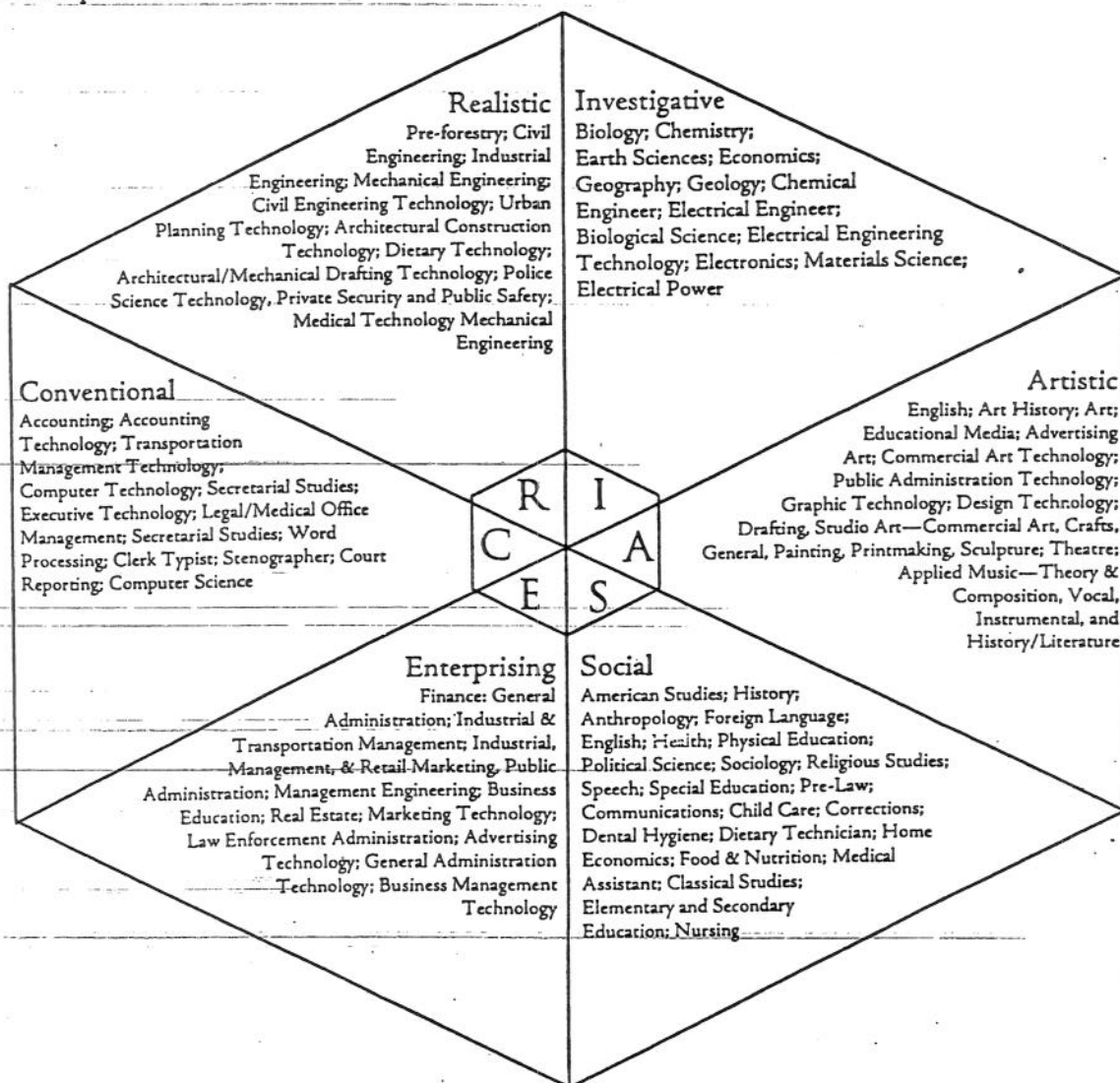
PERSONALITY MOSAIC CAREER OPTIONS

Name _____

Date _____

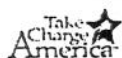
	Total Points Earned
12	Total Points Possible
	Percentage

Directions: Complete the chart below by listing the 1st, 2nd, and 3rd personality types and choosing three careers for each option from the above diagram. (1 point per blank)



1st _____
2nd _____
3rd _____

Source: Provided by Montana State University Career Services; Adapted from John Holland, *Making Personal Career Choices: A Theory of Careers* (1973)



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Funded by a grant from Take Charge America, Inc. to the Department of Health and Human Development at Montana State University - Bozeman

Pick a career for your career research paper & for your career portfolio

CAREER RESOURCES

BUREAU OF LABOR STATISTICS

Bureau of Labor Statistics (BLS)

www.bls.gov

- The Bureau of Labor Statistics is an unbiased source from the U.S. Department of Labor. It provides valuable consumer price index and inflation information, the Occupational Outlook Handbook, and Tomorrow's Jobs.
- The *Occupational Outlook Handbook* is a nationally recognized source of career information, designed to provide valuable assistance to individuals making decisions about their future work lives. Revised every two years, the *Handbook* describes what workers do on the job, working conditions, the training and education needed, earnings, and expected job prospects in a wide range of occupations.
- *Tomorrow's Jobs* is a chapter from the BLS highlighting the projections of the labor force and occupational and industry employment which can help guide career plans.

Montana Research & Analysis Bureau

<http://rad.dli.state.mt.us/default.asp>

- This Research & Analysis Bureau provides labor market information for Montana. They work in conjunction with the Bureau of Labor Statistics and the Employment & Training Administration to provide information on employment, unemployment, wages, prevailing wages, injuries and illnesses, and other labor information including the "Profile of the Montana Worker."

CAREER DEVELOPMENT

Mapping Your Future

www.mapping-your-future.org/

- A Web site for parents and students with information on financial strategies, career options, and college planning.

Montana State University Career Services

www.montana.edu/careers

- This Web site includes general career information including resume building and career fair dates for Montana State University.

U.S. Census Bureau

www.census.gov

- This Web site provides valuable population, salary, and educational information.

INTERVIEWS

Interviewing Tips

www.joblink-usa.com/interview.htm

- Information on getting the interview, do's & don'ts, and closing the interview.



Job Interview

www.job-interview.net/

- A guide to job interviews, interview questions and answers, and interviewing tips.

JOB HUNTING

AfterCollege

www.thejobresource.com

- AfterCollege™ is a service for college students and recent graduates who are looking for entry level jobs, internships, and other opportunities.
- Students can sign up and post their resume to receive invitations from employers or search 120,000+ jobs from over 30,000 top employers. Featured companies are currently recruiting.

America's Job Bank

www.ajb.dni.us

- This Web site allows job seekers to post their resume where many employers search every day, search for job openings automatically, and find their dream job fast.
- Employers can post job listings, create customized job orders, and search resumes.

Career Builder

www.careerbuilder.com

- This Web site allows people to post resumes and search jobs by career field, location, or a general search.

Career Park

www.careerpark.com

- It focuses on accounting, investment, management, marketing, and sales jobs.

JobDirect

www.jobdirect.com

- This Web site posts entry level positions.

Monster Board

www.monster.com

- A general job Web site popular among students when looking for a new job, new career, a new city or a new direction. It helps people explore possibilities and find opportunities.

MonsterTrak

www.monstertrak.monster.com/

- This Web site can be used to find jobs, internships, and post resumes. It focuses on connecting employers with college students, recent graduates, and career centers.

Tech Bank

www.techjobbank.com

- Offers a listing of jobs in technology.



RELOCATION INFORMATION

Home Fair

www.homefair.com

- Includes free online services such as salary calculator, relocation calculator, etc. Research cities to find one which is appealing based on population, education, and crime statistics.

RentNet

www.rent.net

- Search for an apartment by state with certain criteria and take a virtual tour.

RESUMES

All 4 Resumes

www.all4resumes.com

- This Web site includes advice and tips on getting a job, resume basics, interviews, and cover letters to achieve the goal of obtaining a desired job.

E Resume Writing

www.eresumewriting.com

- Tips on creating effective resumes and application forms, writing tips, resume types, and cover letters.

Resume Center

www.resume-center.com

- Information on executive and professional resume preparation, organizing a personal career profile, targeting the objective to increase marketability, and helping to prepare for the job interview.

Resume Cover Letter

www.resume-cover-letter.info

- Information on resumes and cover letters.

Resume Kit

www.resumekit.com

- It is an online resource for individuals seeking a new job or trying to advance a career. It includes layouts and basic information for resumes.

Sample Resume

www.sample-resume.org

- This Web site features resume styles and what to include.

Taos Resume Tips

www.taos.com/resumetips.html

- This is a list of technical resume writing tips.



JOB HUNTING ON THE INTERNET

AfterCollege

www.thejobresource.com

- AfterCollege™ is a service for college students and recent graduates who are looking for entry level jobs, internships, and other opportunities.
- Students can sign up and post their resume to receive invitations from employers or search 120,000+ jobs from over 30,000 top employers. Featured companies are currently recruiting.

America's Job Bank

www.ajb.dni.us

- This Web site allows job seekers to post their resume where many employers search every day, search for job openings automatically, and find their dream job fast.
- Employers can post job listings, create customized job orders, and search resumes.

Career Builder

www.careerbuilder.com

- This Web site allows people to post resumes and search jobs by career field, location, or a general search.

Career Park

www.careerpark.com

- It focuses on accounting, investment, management, marketing, and sales jobs.

JobDirect

www.jobdirect.com

- This Web site posts entry level positions.

Monster Board

www.monster.com

- A general job Web site popular among students when looking for a new job, new career, a new city or a new direction. It helps people explore possibilities and find opportunities.

MonsterTrak

www.monstertrak.monster.com/

- This Web site can be used to find jobs, internships, and post resumes. It focuses on connecting employers with college students, recent graduates, and career centers.

Tech Bank

www.techjobbank.com

- Offers a listing of jobs in technology.



JOB SEARCH STRATEGIES

Strategy	Tools	Pro's	Con's	Helpful Hints
Want Advertisements Scan want ads. Mail resume with cover letter tailored to specific job qualifications.	<ul style="list-style-type: none"> Newspapers Journals Newsletters Trade magazines Cover letters Resumes 	Involves minimal investment of time in identifying companies. Resume and cover letter are sent for actual job opening.	Resume and cover letter will compete with large number of others. Ads follow job market; least effective in times of economic downturn.	<ul style="list-style-type: none"> Use as a meter on the job market in a certain geographical area. Try to get materials in as early as possible.
Employment Agencies Respond to employment agency ads in newspapers; check phone book for names of agencies to contact.	<ul style="list-style-type: none"> Resumes Business attire 	Fee-paid jobs for graduates in technical fields or those with marketable experience.	Usually of less help to non-technical/inexperienced graduates. Likely to charge fees.	<ul style="list-style-type: none"> Identify agencies specializing in field. Make frequent contact with designated counselor to obtain better service.
Internet Search job vacancy databases on the internet.	<ul style="list-style-type: none"> Internet access and computer Electronic resume 	Have actual job openings. Many employers use a wide variety of job listing services and have free to low-cost access. Worldwide geographic reach.	Competition is growing as use of the web increases. Many jobs listed are technical in nature, though the visibility of non-technical fields is growing.	<ul style="list-style-type: none"> Use the web frequently as information and sites change quickly. May need to conduct the search at off-peak times (early morning or late night).
Targeted Mailing Develop good cover letter tailored to a specific type of job and the needs of the company. Send letter with resume to selected companies.	<ul style="list-style-type: none"> List of well-researched companies Tailored cover letters Resumes 	Better approach than the mass-mailing method. Investment of time and effort should merit stronger response from employers.	Requires a significant investment of time in researching companies and writing cover letters as well as following up with contacts.	<ul style="list-style-type: none"> Try to find out who is in charge of the interested area and send them personal materials. Great method when used in conjunction with networking.
In-person Visit Visit many companies. Ask to see a person in a specific department. If possible, submit resume and application.	<ul style="list-style-type: none"> Business attire Company address list Resumes 	Resume and application are on file with the company.	Requires a great deal of time to make a relatively small number of contacts.	<ul style="list-style-type: none"> Research the companies prior to the visit; ask for a specific person or ask about a specific type of job.
Networking Talk to friends/family to develop a list of possible contacts; ask for information on job/companies to circulate personal resume.	<ul style="list-style-type: none"> List of contacts Resumes Business attire 	May learn of unadvertised openings. May result in a courtesy interview. Often results in a closer match of personal interests to a job.	A contact in itself is not enough to get a job as all leads may be exhausted without landing a job. Quite time-consuming.	<ul style="list-style-type: none"> Follow through on all leads. Keep broadening personal network of contacts.
On-campus Recruiting Follow specific procedures to secure on-campus interviews.	<ul style="list-style-type: none"> Scheduling interviews Employer literature Resumes Business attire 	One of the primary ways in which companies recruit for technical and business positions.	Declining as a method employers use to identify candidates. May be less effective for non-technical/non-business candidates.	<ul style="list-style-type: none"> Use the interview schedule as a way to identify possible employers, even if you don't get to interview on campus with those employers.
Resume Referral Register with one of the many national referral services. As jobs are listed by employers, the data bank of registrants is searched for matches. If personal materials match, they are sent to the employer.	<ul style="list-style-type: none"> Registration form supplied by service 	A way to monitor the job market and get personal qualifications to the attention of employers.	May involve a fee. Often more helpful to those in technical or specialized fields. May not learn of any activity of submitted materials.	<ul style="list-style-type: none"> Use only in conjunction with other job search strategies.

Source: Career Development and Placement Services, Pennsylvania State University, University Park, Pennsylvania.



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JOB OFFER CHECKLIST

Name _____

Date _____

	Total Points Earned
6	Total Points Possible
	Percentage

Directions: Complete the following chart from the information discussed in class.

Benefit Option	Description
Base salary	
Fringe benefits (also known as employee benefits)	
Opportunities for advancement and work incentives	
Employer provided services	
Additional perks	
Location and environment	



COMPARING JOB OFFERS

Name _____

Date _____

	Total Points Earned
20	Total Points Possible (2 points per question)
	Percentage

Directions: After reading each scenario, calculate the cost of living in the community and state which job the individual should accept. Show all calculations. (Round to two decimal places.)

1. Janice's 2 job offers:

- a. \$42,000.00, Billings, MT, \$3,800.00 benefits, 95.3 cost of living index
- b. \$48,000.00, Cheyenne, WY, \$4,000.00 benefits, 102.7 cost of living index

2. Brandon's 2 job offers:

- a. \$43,000.00, Atlanta, GA, no benefits, 97.7 cost of living index
- b. \$36,000.00, Portland, OR, \$4,900.00 benefits, 111.7 cost of living index

3. Becky's 2 job offers:

- a. \$21,000.00, Minneapolis, MN, \$2,400.00 benefits, 106.1 cost of living index
- b. \$27,500.00, Omaha, NE, \$1,200.00 benefits, 89.2 cost of living index

4. Chad's 2 job offers:

- a. \$33,000.00, San Diego, CA, no benefits, 137.8 cost of living index
- b. \$45,000.00, Las Vegas, NV, no benefits, 104.8 cost of living index



5. Suzie's 2 job offers:

- a. \$18,000.00, Memphis, TN, \$5,400.00 benefits, 92.2 cost of living index
 - b. \$26,000.00, New Orleans, LA, no benefits, 107.1 cost of living index
-

6. Ryan's 2 job offers:

- a. \$31,000.00, Boston, MA, \$3,000.00 benefits, 135.5 cost of living index
 - b. \$32,500.00, Buffalo, NY, \$1,200.00 benefits, 102.3 cost of living index
-

7. Donna's 2 job offers:

- a. \$34,500.00, Denver, CO, \$3,600.00 benefits, 102.9 cost of living index
 - b. \$29,750.00, Salt Lake City, UT, \$3,300 benefits, 99.0 cost of living index
-

8. Mike's 2 job offers:

- a. \$47,000.00, Seattle, WA, no benefits, 148.2 cost of living index
 - b. \$52,500.00, Juneau, AK, no benefits, 128.6 cost of living index
-

9. Heather's 2 job offers:

- a. \$17,000.00, San Antonio, TX, \$5,400.00 benefits, 85.3 cost of living index
 - b. \$23,500.00, Phoenix, AZ, \$1,200.00, benefits, 96.2 cost of living index
-

10. Paul's 2 job offers:

- a. \$75,000.00, New York, NY, \$8,400 benefits, 218.3 cost of living index
- b. \$56,000.00, Chicago, IL, \$6,000 benefits, 135.7 cost of living index



COST OF LIVING EQUATION PRACTICE

Name _____

Date _____

	Total Points Earned
8	Total Points Possible (2 points each)
	Percentage

Directions: Complete the calculations for the cost of living in the community and state which job the individual should accept based on the *Cost of Living Equation* overhead and *Adding Benefits to Cost of Living* overhead. (Round to two decimal places.)

$$\text{Salary in city 1} \times \frac{\text{Index city 2}}{\text{Index city 1}} = \text{Equivalent salary in city 2}$$

1. Sara's 2 job offers:

- a. \$35,000.00, Reno, NV, 105.1 cost of living index
- b. \$40,000.00, Anchorage, AK, 123.1 cost of living index

2. Joe's 2 job offers:

- a. \$24,000.00, Denver, CO, 102.9 cost of living index
- b. \$32,000.00, Seattle, WA, 148.2 cost of living index

3. Sara's 2 job offers plus benefits:

- a. \$35,000.00, Reno, NV, 105.1 cost of living index, \$4,800.00 in benefits
- b. \$40,000.00, Anchorage, AK, 123.1 cost of living index, \$5,200.00 in benefits

4. Joe's 2 job offers plus benefits:

- a. \$24,000.00, Denver, CO, 102.9 cost of living index, \$4,500.00 in benefits
- b. \$32,000.00, Seattle, WA, 148.2 cost of living index, \$6,000.00 in benefits



1. The first part of the document is a list of names and addresses of the members of the committee.

2. The second part of the document is a list of names and addresses of the members of the committee.

3. The third part of the document is a list of names and addresses of the members of the committee.

4. The fourth part of the document is a list of names and addresses of the members of the committee.

5. The fifth part of the document is a list of names and addresses of the members of the committee.

6. The sixth part of the document is a list of names and addresses of the members of the committee.

7. The seventh part of the document is a list of names and addresses of the members of the committee.

8. The eighth part of the document is a list of names and addresses of the members of the committee.

9. The ninth part of the document is a list of names and addresses of the members of the committee.

10. The tenth part of the document is a list of names and addresses of the members of the committee.

Family Economics
and
Financial
Education

DEVELOPING A RÉSUMÉ

Level I

A resume is a personal summary of one's background, experience, and accomplishments. A good resume will vary depending upon personal strengths as well as the type of job being applied for. A resume is a marketing tool in which you are the product and the employer is the buyer. The employer, on average, will look at a resume for only 20 seconds, so make those seconds count. The resume must interest the employer enough to call you for an interview.

There are many categories of information that can be included in a resume. Below is a list of these categories, but keep in mind that most individuals will not put all of these categories into their resume, but instead will use only those that are most relative to the job being applied for.

Heading - required

A heading includes the name, address, phone number, and an e-mail address of the individual. A current and permanent address should be included if both exist. The phone number listed should have voice mail or an answering machine with a professional message on it. Headings should be included in all resumes.

Objective - optional

An objective clearly describes the position one would like to attain. Objectives are optional and are not necessary for the sought position. An objective should contain three characteristics: the job type, the industry, and the geographical area. An example objective is: A retail management position in the Seattle area.

Education - required

Educational background is the history of a person's education, with the most recent educational experience listed first. Include degree (Associate of Science, Bachelor of Science, Bachelor of Arts) received or sought, institution attended, date of graduation or an expected date (with month and year only), minors and concentrations, special workshops or coursework that relate to the job being applied for, and a grade point average (GPA) if it is higher than 3.0.

Experience - required

Work experience should describe work responsibilities at each job. Identify the most applicable work experiences and fully describe them. List jobs in reverse chronological order including the position held, name and location of the organization, and dates of employment including the month and the year. Remember, experience comes in many forms, consider including part-time, seasonal jobs, and internships. For example, a person who was a summer camp leader could describe this work experiences as: Supervised activities for 200 campers.

Skills - optional

Special skills are skills related specifically to the desired job. An individual should write one line statements that clearly describe how he/she used and developed that skill in the past. Skills can include knowledge of software, foreign languages, leadership, teamwork, etc. An example of a special skill could be: Proficient with all Microsoft programs and Adobe packages.

Honors, Awards, Activities & Volunteer Service - optional

Honors, awards, activities, and volunteer work may also be mentioned particularly if the activities relate to the position sought. Any leadership roles should be mentioned because these skills can be very valuable to employers. Specific dates of each honor or activity should also be listed. An example of an activity is: Received 1st place at the State Music Fest in an octet performance for 250 people.

References - required

References should be available as an attachment, but not listed on the actual resume. A section titled "References" with the phrase "References Available upon Request" should be written on the bottom of the resume. The actual references should then be listed on a separate page in a list format that the potential employer may request. Three to five references are adequate and should include the name of the person, their job title, an address, phone number, and e-mail address where they can be reached. Be sure to ask permission from the individuals before submitting their names to potential employers.



INFORMATION TO NOT INCLUDE IN A RESUME

There is some information that should not be included on a resume. A resume should not include personal information such as:

- Weight
- Height
- Social Security number
- Birth date
- Marital status
- Photographs
- Salary histories
- Reasons for leaving past jobs
- Hobbies, activities, and memberships *not* related to the job being applied for

How a Resume Should Look

- 8 ½ x 11" cotton bond paper either off white or on colored paper depending on the industry of the job
- Minimum margins of ¾"
- One to two pages in length
- Neat and easy to read
- Have heading, education, experience, and references sections (in that order);
 - Skills can be listed before or after education.
 - Activities, honors, volunteer services can be listed after experience before references;
- Free of staples and folds

General Tips

- Be honest - do not stretch the truth
- Never list exact dates, just month and year
- Never list the date your resume was created; it will appear out of date if it is more than a few months old
- Do not use "I statements" such as: I can type 60 words per minute instead, use action words and statements instead such as: Skilled in typing 60 words per minute
- Use acronyms only after defining them.

HOW TO USE ACTION WORDS AND STATEMENTS

Action words are used to emphasize responsibilities related to work experiences. Action words bring life to tasks performed and communicate those skills to a potential employer. Using action words tells the potential employer how the potential employee contributed to a task.

Action statements are short statements that get to the point and describe a task or work experience using action words. Action

statements should include numbers or quantities of the item described. For example: Created 15 different publicity posters for the Pep Club. This statement is far clearer than just saying: Created publicity posters for the Pep club. Instead of saying managed people in daily tasks and operations, one could be more specific and say managed five people in daily tasks and operations. Action statements are not followed with a period.

Example action statements related to high school extra-curricular activities:

Clubs:

- Conducted weekly meetings, utilizing parliamentary Procedure.

Part-Time Job:

- Assisted in training three new employees

Farm-Hand:

- Managed and maintained the feed for 100 animals

Sports:

- Communicated effectively with 35 football teammates

COMMON ACTION WORDS

accommodated **achieved** applied assisted BUDGETED **chaired** combined COMPARED
cooperatively **created** decided delivered developed *earned* **effectively**
experienced explored executed established educated encouraged
evaluated **formed** gathered guided illustrated IMPLEMENTED improved increased
learned **maintained** managed marketed *observed* OPERATED **ordered**
organized participated persuaded played provided programmed
performed **presented** received **responded** scheduled solved supplied
selected SKILLED succeeded **supervised** taught UTILIZED VALIDATED



LEVEL I RESUME WORKSHEET

Name _____
Date _____

	Total Points Earned
38	Total Points Possible
	Percentage

Directions: The following worksheet includes the possible parts of a resume. Complete the worksheet by filling in the blanks to answer the questions below. After completing the worksheet, you will be ready to format and type your resume.

Heading 4 points

First Name, Middle Initial, Last Name: _____

Street Address, City, State, Zip Code: _____

Area Code, Telephone Number: _____

E-mail: _____

Education 6 points

Degree: _____

School: _____

Date of Graduation: _____

Special workshops, seminars, coursework: _____

G.P.A. _____

Skills 15 points (one point per required element)

Identify 3 major skills needed for your occupation. For each skill, brainstorm 2-3 examples of when you have used the skill in the past. Write a one line statement that clearly and concisely describes how you used or developed the skill in the past

Skill	When You Have Used the Skill in the Past	One Line Statement
1.	1. 2. 3.	



2.	1. 2. 3.	
3.	1. 2. 3.	

Work History 7 points (one point per required element for one job)

You should describe your work responsibilities with an emphasis on achievements using action words to communicate your skills. List the most important and related responsibilities first. Identify the most relevant work experiences and describe them fully. Be brief with the irrelevant experiences or omit them. Describe at least one job. A job can include volunteer service; it does not have to be something you earned a paycheck for.

Job	Responsibilities
Position Title: Name of Organization: Location (town, state): Dates:	1. 2. 3.
Position Title: Name of Organization: Location (town, state): Dates:	1. 2. 3.
Position Title: Name of Organization: Location (town, state): Dates:	1. 2. 3.



Awards, Activities, Volunteer Service: 6 points (at least one example of each item)

Activities, Honors, and Leadership are also important categories to include. If the activities involved work responsibility, note it in some detail. The employer is interested in the skills you have developed whether through volunteer or paid experiences. If you were elected to offices or committees, mention it. Recognition and demonstration of leadership roles are valuable. Try to think of at least one activity per category and write a description.

Activity	Description
Awards:	
Activities:	
Volunteer Service:	



DEVELOPING A RESUMÉ

Level II

3 TYPES OF RESUMES

- *Chronological
- *Functional
- *Combination
or hybrid

Selecting a resume format:

Selecting a resume format is a major strategic decision. Real and compelling differences characterize the two most common resume formats: chronological and functional. However, there is no universally right format. A review of personal objectives and background will be the most effective guide to selecting the best format.

Chronological Resume

A chronological resume presents education and work experience in a straightforward, reverse (most recent to least recent) chronological order. *This format showcases progressive growth and is most effective if the majority of work experience is related to the stated objective.*

A chronological resume includes objective, educational background with the most recent degree/institution listed first, employment experience, and activities/leadership positions.



Functional Resume

A functional resume concentrates on skills possessed which relate to the stated objective rather than on work experience. *This type of resume is particularly effective if work experience has not been closely related to the job objective, if the applicant changes careers, or if the applicant is seeking a promotion.*

A functional resume includes objective, educational background, *skills*, employment experience, and activities/leadership positions. the skills area isolates three to five of the applicant's strongest skills that relate to the potential job.

Combination Resume

As the name implies, the combination resume or hybrid resume uses elements of both styles. In this case, the skills section merely identifies your skills in relation to the job objective, but does not elaborate on experiences or accomplishments for each skill mentioned. *A combination resume format can be effective if at least some of your work experience is related to the objective and you want to outline some highlights of your work and skills.*

A combination resume includes an objective, skills, educational background, and employment experience.

ACTION WORDS FOR RESUME WRITING

ably	balanced	contained	distributed
accelerated	began	continued	diversified
accommodated	beneficially	contracted	documented
accompanied	boosted	contrived	donated
accomplished	bought	controlled	doubled
achieved	briefed	conveniently	drafted
acquainted	brought	converted	
acquired	budgeted	conveyed	earned
actively	built	cooperatively	easily
adapted		coordinated	economized
addressed	calculated	corrected	educated
adeptly	canceled	correlated	effectively
adjusted	capably	corresponded	effectually
administered	catalogued	corroborated	efficiently
advanced to	caused	counseled	effortlessly
advantageously	chaired	counted	eliminated
advised	changed	created	employed
advocated	clarified	credited	emulated
aggressively	classified	critiqued	enabled
aided	cleared	curtailed	enacted
allocated	closed	cut	encouraged
altered	coached		endorsed
ambitiously	collected	dealt	engineered
analyzed	combined	decided	enlarged
answered	commanded	decisively	enlisted
appeared	commented	decreased	ensured
applied	communicated	defined	entered
appointed	compared	delegated	entrusted
appraised	competently	delivered	established
appropriately	compiled	demonstrated	estimated
approved	completed	described	evaluated
arranged	complied	designed	examined
artfully	composed	detailed	exchanged
assembled	computed	determined	executed
assessed	computerized	developed	exhibited
assigned	conceived	devised	expanded
assisted	conceptualized	diagnosed	expedited
assumed	concluded	diligently	experienced
assured	conclusively	directed	experimented
attached	condensed	discharged	expertly
attained	conducted	disclosed	explained
audited	conferred	discontinued	explored
augmented	conserved	discovered	expressed
authored	considered	discussed	extended
authoritatively	consigned	dispatched	extracted
authorized	consistently	dispensed	
automated	consolidated	displayed	fabricated
avidly	constructed	disseminated	facilitated
awarded	consulted	distinguished	familiarized



fashioned	investigated	organized	reduced
faultlessly	involved	originated	referred
favorably	issued	outsold	regulated
filed		overcame	rehabilitated
filled	joined	overhauled	related
finalized	justified	oversaw	relentlessly
financed			remodeled
focused	kept	participated	removed
forecast	keynoted	perceived	renewed
formalized		perfected	reorganized
formed	launched	performed	repaired
formulated	learned	persuaded	replaced
founded	leased	piloted	replied
functionally	lectured	pioneered	reported
	led	placed	represented
gainfully	licensed	planned	researched
gathered	listed	played	resolved
generated	located	practically	resourcefully
governed	logged	prepared	responded
graded		prescribed	responsibly
graduated	made	presented	restored
granted	maintained	presided	restructured
grossed	managed	principally	retained
grouped	manufactured	prioritized	retrained
guaranteed	marketed	processed	retrieved
guided	mastered	procured	revamped
	matched	professionally	reversed
identified	maximized	proficiently	reviewed
implemented	meaningfully	profitably	revised
improved	mediated	programmed	revitalized
improvised	merged	progressively	routinely
increased	met	prohibited	
indexed	minimized	promoted	satisfactory
indoctrinated	modeled	proposed	satisfied
induced	moderated	proved	saved
influenced	modernized	publicized	scheduled
influentially	modified	purchased	schooled
informed	monitored	pursued	screened
initiated	motivated		secured
innovated	moved	qualified	securely
inspected		quantified	selected
inspired	named	questioned	served
installed	negotiated		serviceable
instructed	netted	ran	serviced
instructively	nominated	ranked	serviceably
insured	notably	rapidly	serviced
integrated	notified	rated	set
intensified		readily	shaped
interpreted	observed	received	significantly
interviewed	obtained	recommended	simplified
introduced	officiated	reconciled	skilled
invented	opened	recorded	skillfully
inventoried	operated	recruited	sold
invested	ordered	redeemed	solidified



PROFESSIONALLY YOU WORKSHEET

Name _____

Date _____

	Total Points Earned
21	Total Points Possible
	Percentage

Directions: Answer each question.

1. When preparing for a job interview, identify three things a person should *not* do to their hair. (3pts)
2. Identify the type of appropriate dress for women. (1pt)
3. Identify the type of appropriate dress for men. (1pt)
4. What types of shoes are correct for women to wear to a job interview? (2pts)
5. What is the maximum number of pieces of jewelry to wear on a job interview? (1pt)
6. Name two things you should always bring with you on a job interview. (1pt)
7. Plan to arrive at your interview how many minutes early? (1pt)
8. An interviewer should be greeted by? (2pts)
9. Confidence level can be increased by practicing possible interview _____. (1pt)
10. What are the two illegal questions which cannot be asked at a job interview? (2pts)
11. Where does the interview actually begin? (1pt)
12. How soon should a thank you note to the interviewer be written? (1pt)



BEFORE, DURING, AND AFTER THE INTERVIEW

Before the interview:

- Attend an interview workshop. Contact a career service office for scheduled dates.
- Take a personal inventory test. Analyze how your strengths, personal and academic experiences, as well as your interests can be transferred to the position for which you are applying. Think of examples, which include a specific situation, the action you took, and the result.
- Review potential questions. Decide what points you will use to answer commonly asked interview questions. Practice aloud to be able to communicate your qualifications concisely and provide examples, which reinforce these points.
- Do as much research about the company as possible - it gives confidence - intelligence proves you are motivated and have a strong work ethic.
- Places to do research include - the web, library, the business itself, and colleges.
- Confirm the time location. Be sure you have clear directions to the interview.
- Check your appearance. Your attire should be neat, professional and appropriate for your intended field. Suits for men and business suits or dresses for women.
- Arrive to the interview early, but not too early. About 15 minutes is appropriate.
- Be cordial to the secretary - you never know how much influence he/she has.

During the interview:

- Greet your interviewer by name, with a firm handshake and a smile.
- Be self-confident, alert and interested.
- Do not smoke or chew gum.
- Maintain good eye contact.
- Sit-up straight in the chair; if women choose to cross their legs do so at the ankle. Look relaxed.
- Listen closely to what the interviewer is saying.
- Be articulate; do not use slang.
- Avoid rambling; think before answering.
- Give examples by stating situation, action, and result when answering questions.
- Concentrate on your positive attributes.
- Determine needed follow-up action.
- Remember your manners - please and thank you!!!
- Answer each question completely, but also use that time to let the potential employer know what your strengths are and how you could benefit their business.
- Have a few questions about the business ready - they should be well researched and demonstrate your knowledge of the company or organization.
- Expect unusual questions. These are to see how you handle stress and your reaction under pressure. Give natural responses.
- Do NOT lie about anything.
- Do not answer illegal questions, but tactfully diffuse the question.
- Know the ballpark salary offered and what you feel comfortable asking for.



After the interview:

- Evaluate the interview. Consider where you did well and where you had difficulty. Practice those areas in which you need improvement.
- Send a thank you letter immediately!! Type it on business paper. Be sure to use the correct name and title of the person who interviewed you. Emphasize your interest in the position. Mention any facts you may have omitted in the interview.
- Follow-up. If you do not get a response soon after the date, as the interviewer indicated, it is a good idea to telephone and inquire about the position.
- Continue to job search. Job-hunting is an ongoing process. Begin preparing for your next interview.



COMMON INTERVIEW QUESTIONS

- Tell me about yourself.
- Will you relocate?
- What motivates you?
- What are your short-term goals?
- What are your long-term goals?
- What can you do for us?
- How do you work under pressure?
- What salary are you worth?
- What are your three most important accomplishments thus far in your career?
- What is your greatest strength? Weakness?
- Give an example of your creativity.
- Give an example of your analytical skills.
- Give an example of your administrative skills.
- Give an example of some of your leadership skills.
- How do you interact with co-workers?
- How do you motivate people?
- What do you know about our company?
- In what way do you feel you can make the biggest contribution to this firm?
- Why are you changing fields?
- What direct supervisory experience have you had?
- What did you like best about your last (or present) job?
- Is your present (or past) income commensurate with your abilities?
- What are your general feelings about psychological assessment?
- What are your thoughts regarding promotion for yourself?
- How would you describe the "ideal" boss?
- How do you define cooperation?
- How do you spend your spare time? Do you have any hobbies?
- What would you do to improve our firm? And how?
- Could you have done more in your last (or present) job?
- What suggestions have you offered former employers that were actually adopted?
- How do you define success?
- What is the most difficult assignment you have completed?
- What is the most rewarding assignment you have completed?
- Give an example of your innovative abilities.



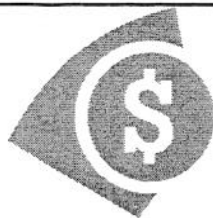
Name: _____ Period: _____

UNIT 2

Financial Literacy

Work and Money

Due: _____



Money Review Vocabulary	
Career and Job Notes-----	___/10
Understanding Paychecks and Taxes-----	___/20
Tax Information-----	___/5
Tax Simulation Instructions-----	___/0
Protecting Your Identity-----	___/47
Insurance Quiz-----	___/10
Disabilities Notes-----	___/14
Insurance Terms-----	___/15
Insurance Terminology Scramble -----	___/12
Types of Insurance-----	___/16
Insurance Needs throughout Life-----	___/22
Bankruptcy/Debt Notes-----	___/20
Credit Notes-----	___/20
Selecting a Credit Card -----	___/27
Comparison Shopping for a Credit Card-----	___/30
Credit Scenario-----	___/10
Understanding Credit Reports -----	___/40
Credit Reports Homework-----	___/23

Total Points-----___/343

****Place in order behind this page to turn in as a complete packet****

Points or point value subject to change ☺

Money Review Game

R	Annual Percentage Rate. The cost of credit on a yearly basis written as a percentage rate.
Assets	Everything a person owns with monetary value.
ATM	Automatic Teller Machine. Electronic computer terminal through which customers may make deposits, withdrawals, and complete other financial transactions.
Automobile Insurance	Provides protection against financial losses resulting from automobile accidents, theft or damage.
Balance Sheet	Shows Assets, liabilities, and net worth on a particular date for a family or individual.
Bathtub Analogy	The analogy that income is water coming into a bathtub, wealth is the water in a bathtub, and expenses is the water coming out of a bathtub.
Beneficiary	One designated to receive a benefit.
Bond	Lending money to an organization as an investment
Cash Management Tools	A financial tool such as checking accounts, savings accounts, money market deposit accounts, certificates of deposits, and savings bonds.
Certificate of Deposit	A fixed-time deposit which specify a time period that the savings must be left on deposit. (CD)
Checking Account	Transaction account offered by financial institutions as a tool to store and transfer funds through use of deposits, withdrawals, paper check writing and debit/ATM card use
Compounding Interest	Earning interest on interest.
Credit History	Historical record of a person's credit use.
Credit Card	A card used to make a purchase now and must be repaid later.
Credit Report	Written report of person's credit history
Debit Cards	Plastic cards used to access money in checking or savings accounts.
Debt	Money owed to another party
Deductible	Amount paid out of pocket by insurance policy holder for the initial portion of a loss
Dependent	Someone who relies on you financial support
Disability Insurance	Replaces a portion of one's income if they become unable to work due to illness or injury. The insurance typically pays between 60-70% of one's full time wage.
Expenditures	Money spent
FDIC	Federal Deposit Insurance Corporation. Insures bank account deposits for up to \$100,000.

Fixed Expense	Expense that remains the same each payment period.
Fixed Interest Rate	The interest rate will not be changed for the lifetime of the investment.
Flexible Expense	Expense amount will change every month.
Gross Pay	Total pay received from employer before any taxes or other deductions are taken out.
Health Insurance	Provided protection against financial losses resulting from illness, injury, and disability
Homeowners Insurance	Combines property and liability insurance into one policy to protect a home from damage costs.
Inflation	Steady rise in the general level of prices. Occurs when the supply of money rises faster than the supply of goods and services available for purchase.
Insurance	An arrangement between an individual and an insurer for protection against risk
Interest Rate	Percentage rate paid on the money saved or invested expressed as an annual percentage rate.
Interest	Price of money.
Investing	The purchase of assets with the goal of increasing future income.
IRA	Individual Retirement Account.
Liabilities	Debts or what is owed to others.
Life Insurance	Protections for surviving beneficiaries from financial loss due to death of financial provider.
Liquidity	How easily investments can be converted to cash.
Loan	Money given to borrower with expectations to be paid back over certain time period including interest.
Money Market Account	A government insured account offered at most depository institutions.
Mortgage	A loan to purchase real estate
Mutual Fund	Groups of stocks, bonds, and other investments managed by an investment firm.
NCUA	National Credit Union Association. Insures credit union account deposits for up to \$100,000.
Need	Is something that is a necessity.
Net Gain	Means a person is making more money than he/she is spending.
Net Loss	Means a person is spending more than he/she is making and has to borrow money to cover expenses
Net Pay	The money you "take home" after deductions.
Net Worth	The amount of money left when liabilities are subtracted from assets.
Opportunity Cost	What you give up in order to get something else.

Pay Yourself First	Taking out a portion of a paycheck for saving or investing before using any of the check for spending.
Policy Holder	Person who is being insured by an insurance company.
Premium	Fee paid to insurance company to receive services from insurance companies.
Principal	The original amount invested or saved.
Renter's Insurance	Protects the insured from loss to the contents of the personal possessions in the apartment.
Risk	The uncertainty about the outcome of a situation or event.
Roth	Individual Tax Free Retirement Plan.
Rule of 72	Formula figuring the number of years it takes to double principle using compound interest. This is found by dividing the interest rate the money will earn into the number 72.
Safe Deposit Box	A secured box in a bank to be used for valuable and important personal items.
SAIF	Savings and Association Insurance Fund. Insures money for loans and savings against risk.
Savings Account	An account to hold money not spent on consumption with a low interest rate.
Savings Bonds	Promissory notes issued by federal government.
Share Account	A savings account at a Credit Union.
Share Certificate Account	A certificate of deposit at a Credit Union.
Share Draft Account	A checking account at a Credit Union.
Simple Interest	Interest earned on the principal (original) investment
SMART Goals	Specific, Measurable, Attainable, Realistic, Time Bound
Spending Plan	A plan for spending your money previously referred to as a budget.
Tax-deferred	Taxes will not be paid until a person takes money out of the investment.
Taxes	Compulsory charges imposed by the federal government on citizens and their property.
Tiered Interest Rate	The amount of interest earned depends on the account balance.
Time Value of Money	A calculations which adjust for the fact that dollars to be received or paid out in the future are not equivalent to those received or paid out today because of compounding interest.
Want	Is something unnecessary but desired.
401K	Tax-deferred retirement plans employers provide for their employees.
70-20-10 Rule	70% money can be spent, 20% should be saved, and 10% invested.

Career and Job Notes

1. What is the difference between a Job and a Career?
2. Define a Job:
3. Define a Career:

What are the different forms of income

4. What is "earning power"?
5. Why do people get paid more for one type of work than for another in our society?
6. If you have a job now, do you actually take home every dollar that you earn?
7. What is the difference between NET and GROSS income?
 - a. Gross Income
 - b. Net Income
8. What are payroll deductions?
9. What kind of payroll deductions are taken from your paycheck?
10. What are taxes?
11. What is tax money used for?
12. What is an entrepreneur?

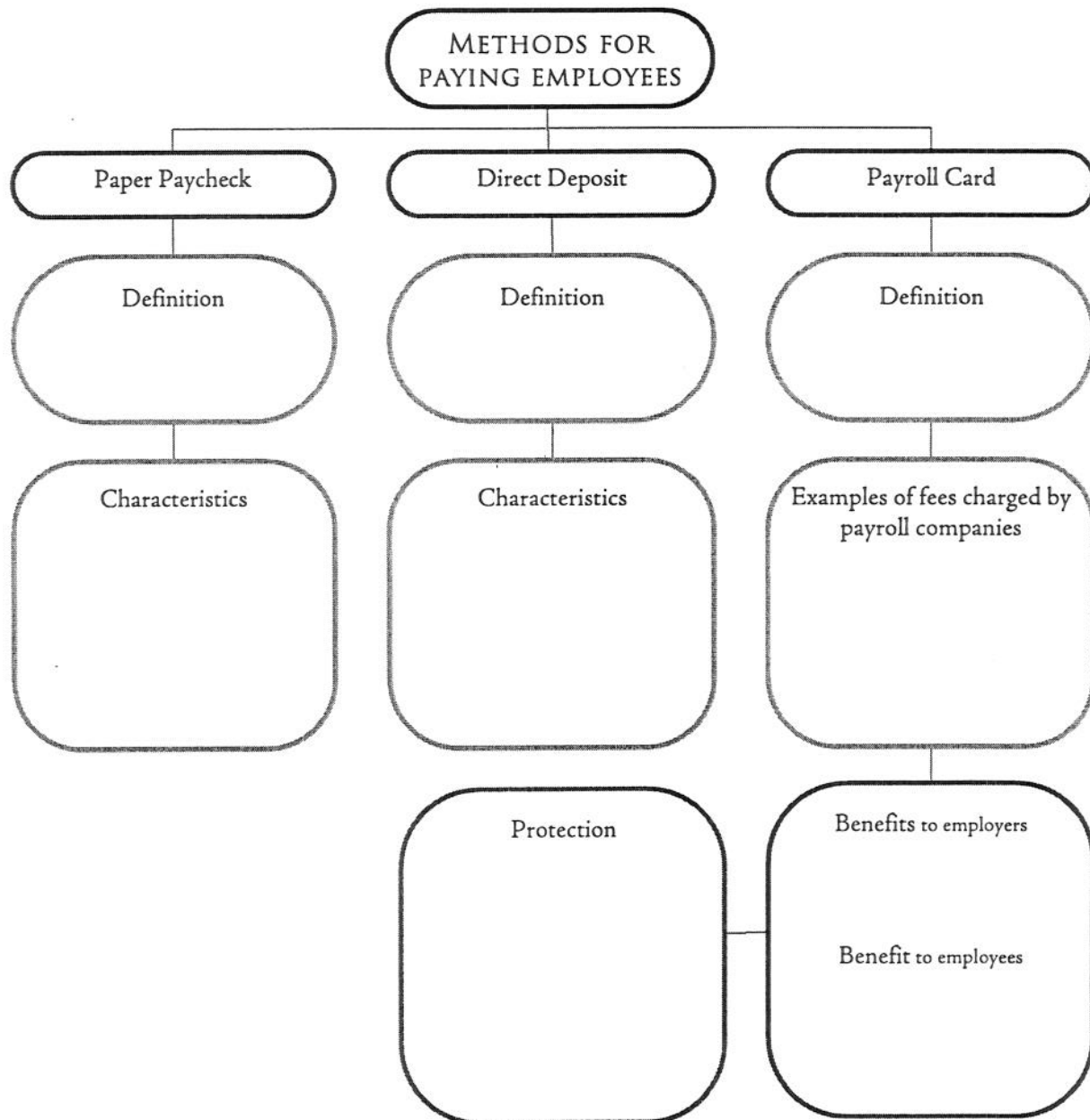
UNDERSTANDING YOUR PAYCHECK AND TAX FORMS

	Total Points Earned
	Total Points Possible
	Percentage

Name _____

Class _____

Date _____



TAXES

Taxes:

What public services and goods in your community are funded with taxes dollars?

Internal Revenue Service:

Progressive taxes:

Who writes tax laws?

Regressive taxes:

EMPLOYMENT FORMS

Form W-4:

- Allowance:
- Dependent:

Why may an employee claim a personal allowance on their Form W-4 only if no one else claims them as a dependent?

Form I-9:

- Examples of documentation:

Form W-2:

READING A PAYCHECK STUB

Paycheck stub: _____

Personal Information: _____

Gross Pay: _____

Net Pay: _____

Deductions: _____

If Thomas earned \$6.00 per hour, and worked 15 hours this pay period, what would his gross pay be?

REQUIRED AND OPTIONAL DEDUCTIONS

Federal Withholding Tax: _____

State Withholding Tax: _____

FICA: _____

Fed OASDI/EE or Social Security: _____

Fed MED/EE or Medicare: _____

Retirement Plan: _____

Medical: _____

Year-to-Date: _____

Why is it important for Thomas who is 25 years old to put money into a retirement plan?



Understanding Your Pay Check Notes

1. Approximately what percentage of a person's paycheck is deducted?
2. What does it mean to say the United States operates on an ongoing payment system?
3. What are the three methods an employer may use to pay his/her employees?
4. How does direct deposit work?
5. How does a payroll card work?
6. What do taxes provide citizens?
7. What is the difference between progressive and regressive taxes?
8. What services are provided by the Internal Revenue Service?
9. What two forms must an employee complete when beginning a new job?
10. What does the Form W-4 determine.
11. What is a dependent?
12. What documentation must be provided to complete a Form I-9.

13. What information is provided on the Form W-2?
14. What is a pay period?
15. How is gross pay calculated?
16. What is net pay?
17. State taxes assist in providing funding for what within the state?
18. What two forms of taxes are represented under the Federal Insurance Contributions Act?
19. What does Social Security fund?
20. What percentage of gross income is deducted for Medicare?

FAMILY ECONOMICS & FINANCIAL EDUCATION



UNDERSTANDING YOUR PAYCHECK

WHERE DOES MY MONEY GO?

Receiving a paycheck, especially if it is an individual's first, can be the highlight of a person's day. However, many are often shocked when they learn almost 31% of their paycheck is missing. Monetary deductions are subtracted for mandatory systematic taxes, employee sponsored medical benefits, and/or retirement benefits. Taxes are compulsory charges imposed on citizens by local, state, and federal governments used to fund public goods and services. The United States tax system operates on an ongoing payment system. This means as a person earns income, taxes are paid immediately on the income. There are two types of taxes: progressive and regressive. Progressive taxes take a larger percentage of income from high income taxpayers. The more a person earns, the more he/she pays in taxes. Examples include Federal and State taxes. Regressive taxes are not based on one's ability to pay. As income rises, the tax percentage remains the same or decreases. Higher income taxpayers are proportionally charged less. Examples include Medicare and Social Security.



PAYING EMPLOYEES

There are three ways an employer may handle paying his/her employees:

1. **Paycheck**— This is the most common method. The employer physically provides the employee with his/her paycheck. The paycheck stub is attached to the paycheck to show the deductions. The employee is responsible for handling the paycheck.
2. **Direct Deposit**— Employers directly deposit the employee's paycheck into his/her authorized account. On payday, the employee receives a paycheck stub detailing the paycheck deductions. This method is more secure because there is no direct handling of the check and the employee knows exactly which day his/her paycheck will be deposited and available for use.
3. **Payroll Card**— This is the newest method. A payroll card is issued to the employee through the employer and it electronically carries the balance of the employee's net pay. In some cases, it can be used as a credit card and in most ATM machines. The company issuing the payroll card sends periodic statements which reflect the card's activity for the prior pay period and deductions.



THE W-4

Regardless of the job, every new employee will be asked to complete a Form W-4 also known as an Employee's Withholding Allowance Certificate. The information provided on this form determines the percentage of gross income to be withheld for taxes. Federal taxes are the largest deduction on an individual's income.

On the Form W-4, the federal government allows taxpayers to claim certain allowances. An allowance is used to determine the amount of federal taxes withheld from the paycheck. An employee may claim a personal allowance if no one else claims them as a dependent. A dependent is a person who relies on the taxpayer for financial support.

The Internal Revenue Service is the governmental agency responsible for collecting federal taxes, issuing regulations, and enforcing tax laws written by the United States Congress. The amount of taxes withheld from an individual's paycheck depends upon his/her income and information provided on the Form W-4.

THE W-2

The Form W-2 is also known as a Wage and Tax Statement. It states the amount of money earned and taxes paid throughout the previous year. The Form W-2 is used to file taxes. By January 31, a person should receive a Form W-2 from each employer for the previous year.

THE I-9

The Form I-9 is the Employment Eligibility Verification Form is used to verify the eligibility of individuals and to avoid hiring illegal aliens. All employees, citizens, and non-citizens must complete a Form I-9 at the time of hire. Employees must provide documentation which establishes identity and employment eligibility. Examples include a driver's license, passport, Social Security card, birth certificate, etc.



UNDERSTANDING YOUR PAYCHECK

READING A PAYCHECK STUB

On-The-Go				
Employee Beakens, Joe	SSN 201-92-4856	Check # 164	C	Check Amount \$1,102.98
Employee Address 293 Michael Grove Billings, MT 59102				
	Pay Type- Gross Pay D	Deductions	Current	Year-to-date J
B	\$1,353.33	Federal Withholding E	\$106.00	\$636.00
		State Withholding F	\$40.82	\$244.92
		Social Security G	\$83.91	\$503.46
		Medicare	\$19.62	\$117.72
		Medical H	\$0.00	\$0.00
		401 K I	\$0.00	\$0.00
		Totals	\$250.35	\$1,502.10
A Pay Period 6/11/2004-7/11/2004				

A typical paycheck has two parts: the actual check and a paycheck stub. A paycheck stub lists the paycheck deductions as well as other important information including:

Personal Information—States the employee's full name, address, and social security number.

- A. **Pay Period**—The length of time for which an employee's wages are calculated usually weekly, bi-weekly, twice a month, or monthly.
- B. **Gross Pay**—The total amount of money earned during the pay period before deductions. If a person earns an hourly wage, gross pay is calculated by multiplying the number of hours worked by the wage. For example, if a person works 45 hours in a pay period earning \$6.25 per hour, his/her gross pay would be \$281.25. If a person is on salary, earning a set amount for a specified time period, the gross pay is the salary amount divided by the specified time period. For example, if a person earns \$24,000.00 per year, his/her gross pay would be \$2,000.00 per month.
- C. **Net Pay**—The amount of money left after all deductions have been withheld from the gross pay earned in the pay period.
- D. **Deductions**—The amount of money subtracted or deducted from the gross pay for mandatory systematic taxes, employee sponsored medical benefits, and/or retirement benefits.
- E. **Federal Withholding Tax**—The amount required by law for employers to withhold from earned wages to pay taxes. This represents the largest deduction withheld from an employee's gross income. The amount withheld depends upon two things: the amount of money earned and the information provided on the Form W-4.
- F. **State Withholding Tax**—The percentage deducted from an individual's paycheck to assist in funding government agencies within the state. The percentage of deduction depends upon the amount of gross income the employee has earned.
- G. **FICA (Federal Insurance Contribution Act)**—This tax includes two separate taxes: Social Security and Medicare. These two taxes can be combined as one line item or itemized separately on a paycheck stub.
 - **Social Security**—The nation's retirement program. This tax helps provide retirement income for elderly and pays disability benefits. Social Security taxes are based upon a percentage (6.2%) of the employee's gross income. The employer matches the contribution made by the employee.
 - **Medicare**—The nation's health care program for the elderly and disabled. This tax provides hospital and medical insurance to those who qualify. Medicare taxes are based upon a percentage (1.45%) of the employee's gross income.
- H. **Medical**—The amount taken from the employee's paycheck for medical benefits. This occurs when the employer has a medical plan for employees, but does not pay full coverage for his/her benefits.
- I. **Retirement Plan**—The amount an employee contributes each pay period to a retirement plan. A specified percentage of the contribution is often matched by the employer. This may be a 401K, state, or local retirement plan.
- J. **Year-to-Date**—Totals all of the deductions which have been withheld from an individual's paycheck from January 1 to the last day of the pay period indicated on the paycheck stub.

Tax Information

W-4	W-2	1040EZ	1040A	1040
<div data-bbox="483 1734 521 1789">I-9</div> <div data-bbox="737 1677 781 1843">1099-DIV</div> <div data-bbox="997 1677 1040 1843">1099-INT</div>				

Tax Simulation

_____/50

tructions:

1. Go to the following website as listed below. (Make sure and type it exactly in order for it to work.)
http://www.irs.gov/app/understandingTaxes/jsp/s_student_simulations.jsp
2. You will be completed the simulation for five individuals. Make sure and read the simulation instructions carefully! You will be able to find the needed information, including various forms, by locating the tab at the bottom of the simulation. Refer to these as needed.
 - ✓ Sim 1: Cicley King
 - ✓ Sim 5: Joshua Bell
 - ✓ Sim 10: Jacob Hastings
 - ✓ Sim 11A: Madison Mailey
 - ✓ Sim 12B: James King
3. You must **complete all steps** in each Module.
4. Copy and paste the last page of the last step of each simulation in to a Microsoft Word Document. When you are finished with the last simulation. **Print off the Microsoft Word Document with your name and period on it.**

Student Home

You've heard of reality TV. Now it's reality taxes! Apply what you've learned by putting yourself in the shoes of 18 different taxpayers while you explore the ins and outs of filing tax returns electronically!



Lawrence Red Owl

Sim 1: Completing Form W-4



Cicley King

Sim 2: Using Your W-2 to File Your 1040EZ



Tasha Miller

Sim 3: Using Your W-2 and Form 1099-INT to File Your 1040EZ



Michael Brand

Sim 4A: Identifying Dependents as a Single Taxpayer



Samantha Nichols

Sim 4B: Identifying Dependents as a Single Taxpayer with Children



Sandya Prashad

Sim 4C: Identifying Dependents



Joshua Bell

Sim 5: Identifying Filing Status and Dependents



Alicia Garcia

Sim 6: Identifying Filing Status, Dependents, and Exemptions



PROTECTING YOUR IDENTITY WORKSHEET

Name _____

Date _____

	Total Points Earned
47	Total Points Possible
	Percentage

Directions: Complete the following questions.

1. What is the definition of identity theft? (1 point)
2. What are three examples of personal identification? (3 points)
3. What are three ways personal identification information can be used fraudulently? (3 points)
4. What are the six ways an identity thief acquires information? (6 points)
5. How often should a person check his/her credit report? (1 point)
6. Who are the three credit reporting agencies? (3 points)
7. Where should outgoing mail be deposited? (1 point)
8. What are three ways to prevent a wallet or pocketbook from being stolen? (3 points)
9. What are three types of information found on a bill? (3 points)



10. Calling cards should include what type of number for safety? (1 point)
11. A unique password includes what type of combination? (1 point)
12. What are two types of information which can be found on work records? (2 points)
13. What should a person do if he/she receives a pre-approved credit card and does not want to use it? (1 point)
14. Name three ways to prevent bank account information from being used fraudulently. (3 points)
15. Why is a social security number also known as the "key to a person's identity?" (1 point)
16. Why are credit and debit cards easy to use fraudulently? (1 point)
17. Identify five ways to prevent ATM, credit, or debit cards from being used fraudulently. (5 points)
18. What are the seven tips for shopping online safely? (7 points)
19. If a person is a victim of identity theft, what are the six steps to follow? (6 points)
20. What dollar amount is a person liable for with unauthorized credit card charges? (1 point)
21. If an ATM or debit card is stolen, what does an individual's liability depend upon? (1 point)
22. What two things should a person do if his/her checks are stolen? (2 points)



FAMILY ECONOMICS & FINANCIAL EDUCATION

IDENTITY THEFT

WHAT IS IDENTITY THEFT?

Identity theft is when someone wrongfully acquires and uses a consumer's personal identification, credit, or account information.

Identity thieves use this information to do things such as open credit accounts, obtain cell phones, write

fraudulent checks, or make large purchases all in the consumer's name.

Identity theft results in damage to the consumer's credit rating, denial of future credit, and job offers.



HOW PERSONAL IDENTIFICATION INFORMATION CAN BE USED

Information identity thieves acquire can be used in numerous ways including:

- To apply for a new driver's license
- To open new bank and credit accounts
- To apply for credit cards or store credit accounts
- To obtain cash with bank cards
- To get a job
- To rent an apartment
- To make retail purchases
- To get a phone or other utilities
- To file bankruptcy
- To counterfeit checks
- To give a person's name during an arrest

People whose identities have been stolen can spend months or years and thousands of dollars cleaning up the mess thieves have made of their name and credit record.

HOW IDENTITY THIEVES ACQUIRE INFORMATION

Identity theft can occur in a variety of methods. Thieves may:

- Steal wallets or purses (*most common method*)
- Steal mail
- Complete a "change of address" form for mail
- Go "Dumpster Diving" to steal information carelessly
- discarded in the trash.
- Obtain a credit report
- Find personal information in the home or on the internet
- Scam a person through e-mail, phone, or internet.
- "Insider Access" at the workplace.

PERSONAL IDENTIFICATION

ATM Card	Bills	Calling Cards	Bank Account Information	Checks
Credit Cards	CREDIT REPORT	Passwords	Debit Cards	
Personal Records	Social Security Number	Pre-Approved Credit Cards		

IDENTITY THEFT

IDENTITY THEFT: HOW IT OCCURS AND PREVENTION

Credit Reports

How Theft Occurs:

A thief may use an individual's credit report to learn all of the accounts a person has, his/her social security number, and personal information about where a person works, lives, and their bank accounts.

Prevention:

- Check personal credit reports once per year and immediately dispute any wrong information from each of the three reporting agencies.
- Don't leave reports lying around. Store them in a locked file or shred.

The dollar loss suffered because of identity theft from consumers was 343 million in 2002.

Federal Trade Commission

Mail

How Theft Occurs:

Identity thieves may steal an individual's mail to learn his/her account numbers and personal information.



Prevention:

- Deposit outgoing mail in post office collection boxes or at the post office rather than unsecured mail boxes.
- Promptly remove mail from the mailbox. If an individual is going to be gone, he/she should contact the post office and request a vacation hold.

Wallets and Pocketbooks

How Theft Occurs:

Identity thieves may steal a wallet or pocketbook to have a wealth of personal and account information.

Prevention:

- Don't leave it in plain site.
- Don't hang it from a chair at a public place.
- Use a purse which closes securely.
- Only carry what is absolutely needed. Do not carry social security cards, passports, or birth certificates unless necessary.

Bills

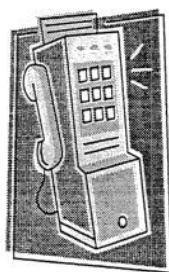
How Theft Occurs:

A thief may steal a person's bills containing his/her name, address, telephone number, bank account, credit and debit account numbers, and even a person's social security number. This information may be used to take over current accounts or open new ones.

Prevention:

- Don't leave statements lying around. Store them in a locked file and shred information not needed.
- Pay attention to the billing cycle. Follow up with creditors if bills do not arrive on time.

Calling Cards



How Theft Occurs:

If a thief has an individual's calling card and personal identification number, if required, a person may make long distance calls to anywhere.

Prevention:

- Use only calling cards which require a personal identification number.
- When at a pay phone, block the number while dialing so no one can see the numbers you are typing.

Passwords

How Theft Occurs:

With computer passwords, a thief can easily access accounts, send messages and/or viruses, purchase or sell items, or access online bank accounts.

Prevention:

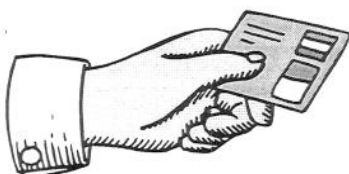
- Don't give passwords to anyone.
- Don't write passwords down where others may find them.
- Create unique passwords which include a combination of numbers and letters in large and small caps. Avoid using information such as mother's maiden name, date of birth, or social security number.



IDENTITY THEFT: HOW IT OCCURS AND PREVENTION

ATM, Credit, and Debit

How Theft Occurs:



If an identity thief has both an individual's Automatic Teller Machine (ATM) Card and Personal Identification Number (PIN), money can be withdrawn from the individual's account.

Because most stores do not ask to compare identification with the signature on the back of the card, they are easy to use in stores, on the internet, or over the phone. Especially because merchandise may be mailed to a different address than the card's bill is sent.

Prevention:

- Don't leave the cards lying around the home or office.
- Carry only those which will be used.
- Close unused accounts cut up the card.
- Use debit cards which require a PIN number.
- Memorize the PIN number. Do not write it down in the same place the ATM or debit card is kept.
- Carry cards in a separate holder from the wallet.
- Sign the back of credit and debit cards stating "Please see I.D."
- Have a list of all cards and the account numbers.
- Don't give out the account number unless making purchases.
- Keep track of all receipts and destroy papers with the card numbers on them. Do not throw receipts in the trash.
- Check statements for unauthorized charges.

Work Records

How Theft Occurs:

A thief may fraudulently obtain work records containing a person's name, address, social security number, and bank information if pay is directly deposited.

Prevention:

- Make sure personal records at work are locked securely with limited access by employees.

The number of identity theft complaints filed in 2002 was 380,000, almost double from the 204,000 complaints in 2001.

Federal Trade Commission

Pre-Approved Credit

How Theft Occurs:

Identity thieves can apply for credit card accounts using pre-approved offers and change the address so the card will be sent to them.

Prevention:

- Shred any credit card offers received and not used.
- Cut up any pre-approved credit cards not used.
- If a person would not like to receive credit card offers, he/she can call 1-888-567-8688 to get off the marketing list.

Bank Account Information

How Theft Occurs:

With a bank account and routing number, an identity thief may be able to create fake checks and withdraw money. A thief may also access savings accounts to withdraw money.



Prevention:

- Don't leave statements lying around. Store them in a locked file and shred information not needed.
- Use passwords.
- Don't have check orders mailed home. Pick them up at the bank.

Social Security Number

How Theft Occurs:

An individual's social security number is the key to their identity. It can be used to open new accounts, apply for jobs, obtain a driver's license, file bankruptcy, etc.

Prevention:

- Don't give a social security number unless it is used for a legitimate purpose.
- Ask for an alternate number on driver's licenses, insurance cards, and other materials.
- Don't carry social security cards in a wallet or pocketbook unless necessary.



IDENTITY THEFT

WHY PEOPLE SHOP ONLINE

The internet has opened a new world of products and services for consumers. It has changed the way consumers interact within the marketplace. The internet is a wealth of information. Consumers may order products from around the world. Within minutes, a consumer can easily research items or compare prices. In today's fast paced society, the internet is becoming increasingly popular because of the convenience it provides.

Shopping may be done in the comfort of one's own home at any time of the day or night.

This increase in convenience also provides a consumer with new risks. Shopping and banking online can be a goldmine for

identity thieves. Consumers need to be cautious to guard personal information such as their social security numbers, credit card numbers, financial records, banking account numbers, etc.

To safely shop online, consumers need to be aware of the risks and take preventative measures.



"Consumers spent 26 billion dollars online in 2002 according to the United States Department of Commerce."

SAFETY TIPS FOR SHOPPING ONLINE

1

Know the real deal

Get all the details before buying. This includes a complete description of items including the total price, delivery time, warranty information, return policies, and what to do with problems.

2

Look for clues about security

When providing payment information, the browser will show whether the information is being encrypted or scrambled when being sent. Before making an online purchase or viewing personal information, make sure the browser states "https" or "https" indicating it is secure.

3

Use a credit card

It is the safest way to pay because a person has the legal right to dispute charges for goods or services never ordered, received, or misrepresented.

4

Use an escrow service

If working with a company who can not accept payment by credit card, escrow services are the next safest. They will hold a person's money until confirmation the products or services has been received.

5

Keep proof handy

Print and file the information in case it is needed later.

7

Get the scoop on the seller

Check complaint records at the state or local consumer protection agency and Better Business Bureau. Get the physical address and phone number to contact the seller offline. Look for sellers belonging to programs which encourage good business practices and help resolve complaints.

6

Ask about "substitute" or "single-use" credit card numbers

This new technology allows a person to use his/her credit card without putting the real account number online, protecting it from abuse by "hackers" or dishonest employees of the seller. For more information, contact Orbiscom (www.orbiscom.com).



WHAT TO DO IF IDENTITY THEFT HAPPENS

No matter how careful a person may be, identity theft can happen. If a person believes he or she may be a victim, they must follow these basic rules.

1. Act immediately.
2. Keep a detailed record of correspondence and phone records. These records should include the date, contact person, and any specific comments made or actions which will occur.
3. Contact the three major credit bureaus and request a "fraud alert" on file. Write a letter requesting no new accounts are opened without written permission. In addition, request a credit report from each bureau. Carefully review the reports to ensure they are accurate.
4. Close all accounts which have been tampered with or opened fraudulently. When opening new accounts, use different passwords and pin numbers.
5. File a police report with the local police or in the local community where the theft took place.
6. File a complaint with the Federal Trade Commission at 1.877.ID.THEFT.

PERSONAL LIABILITY

Credit Cards

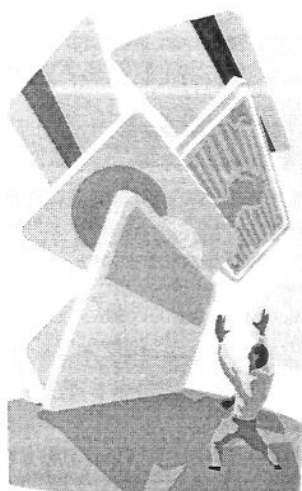
The Truth in Lending Act limits a person's liability for unauthorized credit card charges to \$50.00 per card. To take advantage of this law, a person must write a letter within 60 days of the first bill containing the error. The dispute must be resolved within 90 days of the creditor receiving the letter. If an individual's card has been stolen, it should be reported and canceled immediately.

ATM & Debit Cards, Electronic Funds Transfers

The Electronic Funds Transfer Act provides protection. The amount a person is liable for depends upon how quickly he/she reports the loss. Cards reported within two business days of discovering the theft or loss are liable for a maximum of \$50.00. Within 60 days, a person is liable for \$500.00. After 60 days, a person may be liable for all of the money. A person should always call the financial institution then follow up in writing to report any losses. When opening new accounts, use new account and personal identification numbers.

Checks

Stop payment and ask the financial institution to notify the check verification service. Most states hold the financial institution responsible for losses of a forged check if a person notifies the bank within a reasonable time.



CREDIT REPORTING BUREAUS

Equifax—www.equifax.com

P.O. Box 740241, Atlanta, GA 30374-0241

To order a report, call: 1.800.685.1111

To report fraud, call: 1.800.525.6285

TransUnion—www.transunion.com

P.O. Box 6790, Fullerton, CA 92834-6790

To order a report, call: 1.800.888.4213

To report fraud, call: 1.800.860.7289

Experian—www.experian.com

P.O. Box 9532, Allen, TX 75013

To order a report, call: 1.888.397.3742

To report fraud, call: 1.888.397.3742



Executive Reporting Services

A First American Company

WEBSITE REFERRALS

Equifax — www.equifax.com

To order your report, call: 1-800-685-1111
or write: P.O. Box 740241, Atlanta, GA 30374-0241
To report fraud, call: 1-800-525-6285
and write: P.O. Box 740241, Atlanta, GA 30374-0241

Experian — www.experian.com

To order your report, call: 1-888-EXPERIAN (397-3742)
or write: P.O. Box 2104, Allen TX 75013
To report fraud, call: 1-888-EXPERIAN (397-3742)
and write: P.O. Box 9532, Allen TX 75013

TransUnion — www.transunion.com

To order your report, call: 800-916-8800
or write: P.O. Box 1000, Chester, PA 19022.
To report fraud, call: 1-800-680-7289
and write: Fraud Victim Assistance Division, P.O. Box 6790, Fullerton, CA 92834

Online Fico information

<http://www.myfico.com/>

Credit Score 16 page online Brochure

<http://www.myfico.com/Offers/Brochure/BrochureDownload.asp>

FTC Credit score information

<http://www.ftc.gov/bcp/online/pubs/credit/scoring.pdf>

Insurance Quiz

True/False

1. Within a persons first three years of driving, there is a 50% chance a person will be involved in an automobile accident.
2. Auto insurance is required by law to drive an automobile.
3. Insurance plays a small role in most individual's financial plan.
4. Most individuals or families can afford health care and medical expenses.
5. Most Americans have employer-based health insurance.
6. Life insurance is necessary for everyone.
7. Disability insurance is necessary only for people with disabilities.
8. When renting an apartment, the renter should purchase renter's insurance because the owner's insurance will not cover the renters possessions.

How much does the following cost?

- | | |
|------------------------------|-----------------------|
| 9. Flu Shot | 15. Appendectomy |
| 10. Hepatitis B Shots | 16. Leg Fracture |
| 11. Preventive Exam | 17. Internal Injury |
| 12. Chest Exam
Treatment) | 18. Chemotherapy (One |
| 13. Stitches | 19. Open Wounds |
| 14. Tonsilectomy | |

Disabilities Notes

True/False

1. Families suffer severe financial burdens with a disabled child.
2. There is a real pulling together and nearly every marriage is strengthened because of a disabled child in the home.
3. Families find their friends clustering around and eager to share the hardships of a handicapped child.
4. A mentally retarded child is the hardest handicap for parents to deal with, much more so than a physically disabled child.
5. It is easier to cope with a mentally retarded girl than a boy.
6. Parents may view the birth of a disabled child as a reflection of their own inadequacies.
7. One problem with raising a disabled child is that the parents may be overprotective of the affected child and neglectful of the other kids.
8. Some parents may push their other kids to achieve almost as a compensation for the disabled child.
9. It is easier to accept older disabled children than younger ones.
10. It is harder on sisters than brothers to have a disabled child in the home as the girls often get a lion's share of the responsibility.
11. Mothers seem to have the hardest time accepting and dealing with the handicapped child than do fathers.

Dealing with a Disability

- A. What are some reactions?
- B. What conditions add to the problem
- C. Suggestions for dealing with a disability or someone you know who is disabled.

INSURANCE TERMS

1. Premium
2. Life Insurance
3. Dependent
4. Beneficiary
5. Term Life Insurance
6. Whole Life
7. Deductible
8. Copayment
9. Basic Medical Coverage
10. Disability
11. Workers Compensation
12. HMO (Health Maintenance Organization)
13. PPO (Preferred Provider Organization)
14. Home Owners
 - a. Property Coverage
 - b. Liability
15. Renters Insurance
 - a. Actual Cash Value
 - b. Replacement Costs

INSURANCE TERMINOLOGY SCRAMBLE

Name _____

Date _____

	Total Points Earned
12	Total Points Possible
	Percentage

Directions: Write the word which is described by the following statements in the spaces provided. The number of blanks corresponds to the number of letters each word contains.

- Amount paid out of pocket by policyholder for the initial portion of a loss before the insurance company pays. _____
- Protection for a dwelling against perils like fire and lightning. _____
- Accident, theft, damage, destroyed, unexpected. _____
- Fee paid to the insurer to be covered under the specified terms. _____
- Many high school students are covered under their parents for this type of insurance. _____
- Consumer who purchased the policy. _____
- People must have this type of insurance to drive their vehicle. _____
- Contract between the individual and an insurer specifying the terms of the insurance. _____
- Title of people receiving money from a life insurance policy after the insured person dies. _____
- Arrangement between an individual and an insurer for protection against risk. _____
- Insurance which helps to provide income during an illness or injury. _____
- Unnecessary insurance for high school students with no financial dependents. _____



TYPES OF INSURANCE

Name _____

Date _____

	Total Points Earned
16	Total Points Possible
	Percentage

Directions: Complete the questions below based on the information in the *Types of Insurance* information sheet.

1. Define insurance. (1 point)
2. Identify two of the different types of dollar amounts specified in an insurance policy. (2 points)
3. What is the minimum type of coverage for automobile insurance required by law? (1 point)
4. Safe Susie carries liability and uninsured/underinsured motorists insurance on her car. She gets into an accident with Risky Rick, an uninsured driver. Will Susie have to pay for her car repairs because Rick is uninsured? Why or why not? (2 points)
5. Identify six different types of health care costs which may be covered under health insurance depending upon the policy. (6 points)

6. Name one situation where a person should carry life insurance. (1 point)

7. Explain why a person would choose to carry disability insurance. (1 point)

8. How much insurance coverage should a homeowner carry to be protected from the risk of a home being completely destroyed? (1 point)

9. Identify why a renter would choose to purchase renter's insurance. (1 point)



FAMILY ECONOMICS & FINANCIAL EDUCATION

TYPES OF INSURANCE



WHAT IS INSURANCE?

Life is full of risks and accidents. People are at risk for getting injured when playing sports, riding in a car, or living in a house. Risk is uncertainty about a situation's outcome. Risk can be unpredictable events which lead to loss or damage. Insurance is an arrangement between an individual (consumer) and an insurer (insurance company) to protect the individual against risk.

Insurance plays a large role in most individual's financial management plans. Almost one in twelve dollars in the United States economy is spent on insurance (Goldsmith, 2001). The purpose of insurance is to help individuals limit their financial losses when an accident occurs. It helps the individual to be prepared for the unexpected. When people buy insurance, they transfer part of the risk of financial loss to the insurance company.

Types of Insurance:

- Automobile
- Health
- Life
- Disability
- Homeowner's/Renter's

WHAT IS AN INSURANCE POLICY?

To purchase insurance, consumers purchase a policy: Policy—a contract between the individual and the insurer specifying the terms of the insurance arrangements. The policy will state the premium and deductible amounts, which will vary depending on the type of insurance and the terms of the policy.

Premium—the fee paid to the insurer to be covered under the specified terms.

Deductible—the amount paid out of pocket by the policy holder for the initial portion of a loss before the insurance coverage begins.

Policyholder—the consumer who purchased the policy.

AUTOMOBILE INSURANCE

According to the Insurance Education Foundation, there is a 70% chance a person will be involved in an automobile accident within the first three years of driving. Auto insurance is an arrangement between an individual (consumer) and an insurer (insurance company) to protect the individual against risk from automobile accidents. The purpose of auto insurance is to help individuals limit their financial losses when an automobile accident occurs. Four types of coverage are available for automobile insurance.

1. Liability insurance—covers the insured if injuries or damages are caused to other people or their property; it is the minimum amount of insurance required by law for automobiles.
2. Medical payment insurance—covers injuries sustained by the driver of the insured vehicle or any passenger regardless of fault; also covers insured family members injured as passengers in any car or if they are injured while on foot as a pedestrian or while riding a bicycle.
3. Uninsured or underinsured motorists insurance—covers injury or damage to the driver, passengers, or the vehicle caused by a driver with insufficient insurance.
4. Physical damage insurance—covers damages caused to the vehicle; two optional forms of coverage are available:
 - Collision—covers a collision with another object, car, or from a rollover.
 - Comprehensive—covers all physical damage losses except collision and other specified losses.

TYPES OF INSURANCE

HEALTH INSURANCE



Health care costs are extremely high and it can be hard for the average person to afford health care.

Large medical expenses could wipe out an individual's savings. To protect individuals from this risk, health insurance can be purchased.

Health insurance provides protection against financial losses resulting from injury, illness, and disability. The purpose is to provide coverage for medical expenses, emergency and routine.

Health insurance may cover hospital, surgical,

dental, vision, long-term care, prescription, and other major expenditures. The coverage depends upon the terms of the insurance policy. Health insurance may be purchased for an individual, a family, or through an employer. Some children may be covered under their parent's health insurance until they are 19 or while they are in college. According to *Personal Finance* (Goldsmith, 2001), most (61%) Americans have employer-based health insurance.

LIFE INSURANCE

70% of American adults have life insurance (Goldsmith, 2001). Life insurance is a contract specifying a sum to be paid to a beneficiary upon the insured's death. The contract is a policy which states the amount to be paid to the beneficiary upon the insured person's death. A beneficiary is the recipient of any policy proceeds if the insured person dies. The purpose is to provide money for family members or dependents when a wage earner dies. A dependent is a person who relies on someone else financially. Life insurance is not necessary if a person is single with no dependents. Life insurance is necessary for people who have a dependent spouse, dependent children, an aging or disabled dependent relative, or business owners.



DISABILITY INSURANCE



One out of ten people will become disabled before age 65 (Insurance Education Foundation). To prevent the risk of losing income from a disability, insurance is available. Disability insurance replaces a portion of one's income if they become unable to work due to illness or injury. The insurance typically pays between 60% – 70% of one's full time wage. It never pays 100% of the wages because there is no incentive to go back to work. Factors such as the length or severity of a disability influence the percentage of income a person will receive. Many employers offer disability insurance as part of the benefits package.

HOMEOWNER'S/RENTER'S INSURANCE

According to the Insurance Education Foundation, a fire occurs in someone's home in the US every 74 seconds. Homeowner's and renter's insurance can protect against this risk.

Homeowner's insurance combines property and liability insurance into one policy to protect a home from damage costs due to perils. A peril is an event which can cause a financial loss from fire, falling trees, lightning, and others. Property insurance protects the insured from financial losses due to destruction or damage to the property or possessions. Liability insurance protects the insured from financial losses due

to being held liable for other's losses. The homeowner's insurance should cover the replacement cost which will pay to rebuild the home if it is completely destroyed.

Renter's insurance protects the insured from loss to the contents of the dwelling rather than the dwelling itself. It covers major perils, provides liability protection, and provides for additional living expenses if the dwelling is rendered uninhabitable by one of the covered perils. Renter's insurance is necessary because the landlord's insurance policy on the dwelling does not cover the renter's personal possessions.



Name _____

Hour _____

Insurance Needs Throughout Your Life

For each scenario, determine the type of insurance needed and when this insurance should have been purchased. Come up with 3 more scenarios and fill in the chart.

Scenario	Type of Insurance Needed	When do you begin this insurance?
I backed out of my driveway and hit the car coming down the street.	Auto	When you purchase the vehicle.
I fell off the ladder when I was putting up Christmas lights and tore the ligaments in my knee.		
My neighbor injured his back while walking up my icy driveway.		
My husband was riding his bike and was killed in an accident leaving me with 3 little children.		
My baby is born with a heart defect and needs surgery.		
My apartment was broken into and my computer, tv, and stereo were stolen.		
Another vehicle ran a red light and hit my car but they didn't have car insurance.		
I have acute appendicitis and my appendix needs to come out.		
I teach kindergarten, but I had a severe eye infection and have gone blind.		
I own a construction business, and one of my employees was injured while using the saw.		
The pipes in my basement froze and cracked. When they thawed it caused damage to the flooring and walls.		

Bankruptcy/Debt Notes

I. Introduction:

Make a list of clothes, personal care products, jewelry, braces, glasses, etc. that you are wearing today and estimate the price of each item.

- II. The average American has 6 credit cards with an average debt of \$8,500. #1 Reason people go bankrupt is medical expenses. #2 is credit card debt.

In 1981 the average family owed 6 weeks worth of income in debt.
In 1991, the debt load increased to six months of income.

Bankruptcies are filed at the rate of one in every 37 homes in Utah. The National average is one in every 73 homes.

Utah is #1 in personal bankruptcy. Ages 18-25. Why?

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

III. What is the difference between Chapter 7 and Chapter 11?

1. Chapter 7:

2. Chapter 11:

IV. Notes from Oprah's Debt Diet

Credit Notes

What is Credit?

What are the 5c's of Credit and their description?

1. _____:

2. _____:

3. _____:

4. _____:

5. _____:

Name _____

Hour _____

Cost of Credit

Use the table below to figure the total price by using credit and then figure how much the credit will cost you to use.

Item	Cash Price	Down Payment	Interest Rate	Months Financed	Monthly Payment	Total Price Using Credit	Cost of Credit
Furniture	\$3500.00	\$500.00	18%	24	\$150.00	1. _____	2. _____
Car	\$15,000.00	\$1,000.00	12%	48	\$369.00	3. _____	4. _____
Home	\$110,000.00	\$10,000.00	8%	360	\$734.00	5. _____	6. _____

SELECTING A CREDIT CARD

Name _____

Date _____

	Total Points Earned
27	Total Points Possible
	Percentage

Directions: Complete the following questions.

1. What are three reasons a person would use a credit card? (3 points)
2. What are three disadvantages to using a credit card? (3 points)
3. Who offers bank credit cards? (1 point)
4. When must a balance be paid on a travel and entertainment card? (1 point)
5. What is unique about an affinity card? (1 point)
6. What is the purpose of a Schumer Box? (1 point)
7. Is a 13% or 18% APR better? (1 point)
8. Define the term grace period. (1 point)

9. What are the four balance calculation methods? (4 points)
10. Define late payment fees. (1 point)
11. What are the six steps to opening a credit account? (6 points)
12. What are finance charges? (1 point)
13. Identify three safety tips when using a credit card. (3 points)



COMPARISON SHOPPING FOR A CREDIT CARD

	Total Points Earned
52	Total Points Possible (1 point per card and item)
	Percentage

Name _____

Date _____

Directions: Complete this worksheet and attach the completed sheet to your one page essay describing your best choice.

Card 1 _____ Card 2 _____

Card 3 _____ Card 4 _____

Example

	Card 1	Card 2	Card 3	Card 4
Annual Percentage Rate (APR)				
Grace Period				
Minimum Finance Charges				
Annual Fees				
Transaction Fee for Cash Advances				
Late Payment Fee				
Over-The-Limit Fee				
Fee if balance is paid in full each month.				
Balance Consolidation Fee				
Inactivity Fee				
Additional Fee (list) a. b.				
Other Considerations (list) a. b.				
Type of credit card (unsecured, secured, store)				

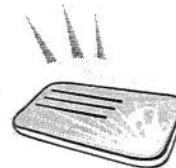
1. Which card is the best choice? _____
2. Write a one page essay explaining why the credit card is the best choice and why, explain the decision making process used, and the possible consequences of the choice (attach worksheet to essay).



SELECTING A CREDIT CARD

WHAT IS A CREDIT CARD?

A credit card is pre-approved credit which can be used for the purchase of items now and payment of them later. Credit cards can assist people with money management. However, if used improperly, they can cost people large amounts of money and even cause debt. Comparison shopping for a credit card is an excellent practice. The terms and conditions of accounts vary with individual cards along with the costs of borrowing. By knowing the facts, consumers will not be surprised by some of the hidden costs associated with credit cards.



WHY USE A CREDIT CARD?

Advantages

- Convenient
- Useful for emergencies
- Often required to hold a reservation
- Able to purchase 'big ticket' items earlier
- Easy form of debt-consolidation
- Protection against rip-offs and fraud
- Establish a good credit rating

Disadvantages

- Interest is costly
- Additional fees are common
- Tempting to overspend
- Privacy is an increasing concern
- Responsible for lost/stolen cards
- Identity theft easier
- Can lose financial freedom

PROPER CREDIT USE

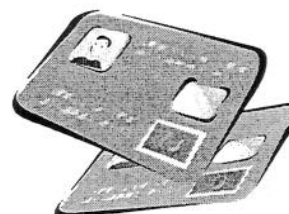
Acquiring habits for proper credit card use is important. First, one should only use a credit when there is no doubt about the ability to pay off the charges at the end of the billing cycle. Second, it is important to record all expenses upon purchase, keep all receipts and, at the end of the billing cycle, check the credit card statement for errors. When paying a credit card bill, one should always pay the balance off completely and timely, to avoid costly interest charges.

TYPES OF CREDIT CARDS

- Bank Credit Cards - Flexible account accepted for purchases anywhere made available by a financial institution (commercial bank, credit union, savings and loan association) with a service provider (Visa, MasterCard, American Express). Transactions occur through an electronic network.
- Retail Credit Cards - Account which allows for a customer to make credit card purchases at a particular retailer such as The Buckle or Old Navy. Retailers can also work with a bank to offer a bank credit card with the retailer's logo
- Travel and Entertainment Cards - Accounts similar to bank credit cards except the entire balance must be repaid in 30 days.
- Prestige Cards - High status accounts which require higher credit qualifications, but receive special benefits such as free travelers checks and higher credit limits.
- Affinity Cards - Accounts through financial institutions with the logo of a sponsoring organization such as Mothers Against Drunk Driving. Typically, the financial institution donates a small percentage of the charge to the organization.

SCHUMER BOX

- The Federal Truth in Lending Act requires credit institutions to list the costs of credit cards in a Schumer Box in order for consumers to avoid unexpected finance charges. It is helpful for consumers in comparing credit card offers.



SELECTING A CREDIT CARD

Annual Percentage Rate for Purchases	Grace Period for Purchases	Minimum Finance Charges	Balance Calculation Method for Purchases	Annual Fees	Transaction Fees for Cash Advances	Late Payment Fees
19.9%	Not less than 25 days	\$.50 when a finance charge at a periodic rate is charged	Average daily balance method (including new purchases)	\$20 per year	2% with a minimum fee of \$3	\$29

TERMS

- **Annual Percentage Rate (APR)** - The interest rate charged to the cardholder on the amount borrowed in terms of per dollar per year.
- **Grace Period** - Amount of time, in days, allowed to the cardholder between the day the items are charged on the credit card and the day finance charges begin to apply.
- **Minimum Finance Charge** - The minimum amount to be charged for use of a credit card.
- **Balance Calculation Method** - The method used to determine the balance for which finance charges are accumulated.
 1. **Average daily balance excluding new purchases** - Interest is only paid on the previous balance, not on purchases made since the last payment.
 2. **Average daily balance including new purchases with a grace period** - If the balance is not zero, interest is applied to new purchases when they are made. If the balance is zero, a grace period is allowed before interest is charged.
 3. **Average daily balance including new purchases with no grace period** - Regardless of the previous month's balance, interest is applied to new purchases as they are made.
 4. **Two-cycle average daily balance including new purchases** - This method should be avoided by consumers, as it is the least-beneficial. The average daily balance is determined on 60 days, rather than 30 days, so finance charges are doubled. A zero-balance must be held for two months in order to avoid charges.
- **Annual Fees** - A fee charged once per year for credit card ownership.
- **Cash Advance Transaction Fees** - A fee charged for a cash withdrawal from a credit card account.
- **Late Payment Fees** - A fee charged when a cardholder does not make the minimum monthly payment by the due date.

OPENING A CREDIT ACCOUNT

1. Complete a credit application, a form requesting information on ability to repay debts.
2. Lender conducts a credit investigation, a comparison of information on a credit application to information on a credit report, in order to insure all information is correct.
3. Applicant is given a credit rating, an evaluation of a person's ability to repay debts.
4. Lender accepts or denies the request for credit.
5. Applicant evaluates the details of the credit card using Schumer Box information.
6. Applicant accepts or refuses the terms of the credit card.

If one's request for a credit card is denied, they have the legal right to obtain a free credit report in the two months following.

LOST AND STOLEN CREDIT CARDS

A lost or stolen credit card should always be reported immediately. The owner of the card is only liable for \$50 if the card was used illegally before the credit card company was notified of the loss. Many credit card companies will waive this fee as a gesture of good-will.



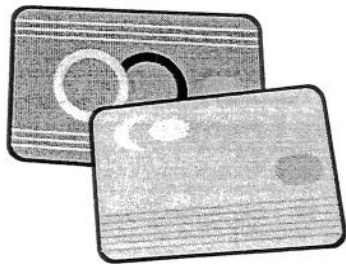
SAFETY TIPS

- Sign the back of credit cards with signature and "Please see I.D.".
- Do not leave cards lying around the home or office.
- Close unused accounts in writing and by phone, then cut up the card.
- Do not give out the account number unless making purchases.
- Keep a list of all cards, account numbers, and phone numbers separate from cards.

SELECTING A CREDIT CARD

UNDERSTANDING THE BILL

- **Minimum Payment Due** - The minimum amount to be paid. If this amount is paid and a balance is left on the account, additional finance charges will be included in the following month's balance.
- **Past Due Amount** - The required amount not paid before the due date.
- **Due Date** - The specified day by which the company requires a payment to be made.
- **New Balance** - The total amount owed including the previous balance, any charges or payments made to the account, and finance charges.
- **Credit Line** - The maximum amount of charges allowed to the account.
- **Closing Date** - The last day transactions are reported on the statement. After this day, transactions go onto the next statement.
- **Charges, Payments, and Credits** - All of the transactions which occur with the use of a credit card. Charges add to the account balance, while payments and credits subtract from the balance.
- **Finance Charge** - The charges assessed to the account for the credit card use throughout the month.



No Name Service Center
P.O. Box 123
Any City, MI 59555-4321



MOUNTAIN NATIONAL BANK
P.O. Box 89375
SEATTLE, WA 51403-2497

Brittany Matbitten
248 Link Circle
Billings, MT 59305

MINIMUM PAYMENT DUE	PAST DUE AMOUNT	PAYMENT DUE DATE	NEW BALANCE	ACCOUNT NUMBER
\$15.00	0.00	06/17/03	\$707.59	4444 1111 3333 2222

ACCOUNT NUMBER	CREDIT LINE	AVAILABLE CREDIT	DAYS IN BILLING CYCLE	BILLING CYCLE CLOSING DATE
4444 1111 3333 2222	\$2,000	\$1,292.41	31	5/22/03

TRANSACTION DATE	CHARGES, PAYMENTS, AND CREDITS SINCE LAST STATE- MENT	AMOUNT
4/22/03	PREVIOUS BALANCE	\$600.00
4/25/03	APPLEBEE'S	\$ 37.22
4/30/03	TARGET	\$ 45.72
5/05/03	PAYMENT RECEIVED	\$ 65.00-
5/17/03	THE BUCKLE	\$ 80.00

PREVIOUS BALANCE	PAYMENTS	CREDITS	CASH ADVANCE	PURCHASES	FINANCE CHARGE	NEW BALANCE
\$600	\$65.00	\$0.00	\$0.00	\$162.94	\$9.65	\$707.59



	AVERAGE DAILY BALANCE	MONTHLY PERIODIC RATE	ANNUAL PERCENTAGE RATE
PURCHASES	\$643.538	1.5%	18%
CASH ADVANCES	\$0.00	1.83%	22%



UNDERSTANDING CREDIT REPORTS

Name _____

Date _____

	Total Points Earned
40	Total Points Possible
	Percentage

Directions: Complete the following questions during the PowerPoint presentation.

1. What is a credit report? (1 point)
2. Define credit history. (1 point)
3. Identify three informational items listed on a consumer's credit report. (3 points)
4. List three ways to build credit. (3 points)
5. List four strategies to build a good credit rating. (4 points)
6. What is the general rule about using credit? (1 points)
7. What are three ways a consumer can harm his/her credit score? (3 points)



8. Define the purpose of a Credit Reporting Agency. (1 point)
9. Who are the three credit reporting agencies in the U.S.? (3 points)
10. What Web site can a person visit to receive a free credit report annually? (1 points)
11. Who can request a consumer's credit reports? (1 point)
12. What are the two most common errors that appear on a credit report? (2 points)
13. What are the two rights consumers are given under the Fair Credit Reporting Act? (2 points)
14. Define credit score. (1 point)
15. What are the five categories and the percentages important to a credit score? (10 points)
16. List three ways a credit score can affect a consumer. (3 points)



CREDIT REPORT SCENARIO

Name _____

Date _____

	Total Points Earned
10	Total Points Possible (1 point per response)
	Percentage

Directions: Read the sample credit profile scenario and credit report below. Then complete the questions.

Sample Credit Profile Scenario:

Carolina Blue needs a consolidation loan from a bank to pay off her credit card and student loan debt. The loan officer at the bank requests a copy of her credit report. Carefully read Carolina's credit report from Equifax on the following page.

1. List five items on Carolina's credit report suggesting she is a high risk borrower:
 - a.
 - b.
 - c.
 - d.
 - e.

2. List five strategies Carolina can implement to help improve her credit rating:
 - a.
 - b.
 - c.
 - d.
 - e.



FAMILY ECONOMICS & FINANCIAL EDUCATION

UNDERSTANDING CREDIT REPORTS

WHAT IS A CREDIT REPORT?



When a consumer chooses to apply and/or use credit, the information is kept in a *credit report*. A credit report is a record of a consumer's *credit history*. Credit history is a record of transactions involving the use of credit. Individuals do not have a credit report if they have not previously used credit. A credit report affects one's ability to acquire credit.

INFORMATION IN A CREDIT REPORT

- Name and aliases
- Current and past addresses
- Marital status
- Date of birth
- Employment history
- Public records (judgments, criminal, and bankruptcy)
- Payment history
- Financial records
- Loans/leases
- Number of credit inquiries—evaluation of a consumer's credit report each time they complete an application
- Late medical payments

BUILDING CREDIT HISTORY

Building a credit history is important for a consumers planning on purchasing big ticket items, such as a house, on credit. It affects a young adult's ability to rent an apartment, buy a car, or purchase appliances and other merchandise on credit in the immediate future. Strategies to build a credit history include: receiving a loan from financial institution, having store or credit card accounts. Although the following are all positive financial practices, a credit history is not built if a consumer performs the following actions:

- Having no history of credit use;
- Not having any credit accounts in own name;
- Paying cash for all major purchases;
- Paying phone and utility bills on time.

An example of implementing a strategy to build a credit history is to acquire a small loan from a financial institution. By paying the loan off in timely payments, a positive credit history is developed.

POSITIVE CREDIT

Although there are many ways for a consumer to build credit, it is important the credit history be positive instead of negative. A consumer must work on building and maintaining positive credit. Strategies include:

- Practicing good banking techniques such as not bouncing any checks;
- Paying bills consistently and on time;
- Keeping public records free of bankruptcy;
- Having no criminal record;
- Keeping a reasonable or small amount of debt;
- Keeping the number of credit inquiries low;
- Holding a low number of credit/store cards;
- Checking credit report annually to remove errors;
- Maintaining reasonable amounts of unused credit.

61% of Americans said their knowledge of credit reports is fair to poor.

Only 3% of Americans can name the three main credit bureaus.

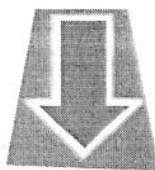
Consumer Federation of America



UNDERSTANDING CREDIT REPORTS

NEGATIVE CREDIT

If a consumer is irresponsible with his/her credit, he/she can develop negative credit. There are many ways a consumer can 'hurt' their credit. Habits performed on a daily basis which may seem unimportant or a simple mistake may actually be hurtful to one's credit in addition to the negative impact of large financial mistakes. Ways a consumer may develop or keep negative credit include:



- ♦ Bouncing checks;
- ♦ Routinely paying bills late;
- ♦ Having a criminal record;
- ♦ Holding large amount of debt;
- ♦ Obtaining a high number of inquiries;
- ♦ Carrying many credit/store cards;
- ♦ Having a public record of bankruptcy;
- ♦ Defaulting on a loan;
- ♦ Holding an unreasonable amount of unused credit;
- ♦ Having any credit/store cards surpassing the credit limit;
- ♦ Not paying utility accounts on time.

GENERAL RULE

Keep the amount of debt currently held at 25% of the total amount of available credit.



KEYS FOR SUCCESS

- ♦ Check credit report once a year.
- ♦ If worried about identity theft, check the report twice per year.
- ♦ If purchasing a large ticket item, check credit reports from each of the three major credit reporting agencies to be sure information is correct before applying for loan.
- ♦ Be proactive, responsible, and repair credit damage.



CREDIT REPORTING AGENCY

A credit reporting agency keeps records of a consumer's credit transactions and compiles credit reports. There are three main credit reporting agencies in the U.S.: Equifax, Experian, and Trans Union. These credit reporting agencies acquire information from several different types of lenders. Lenders who report a consumer's payment history may include:

- ♦ Store accounts
- ♦ Credit card companies
- ♦ Mortgage and other loan lenders
- ♦ Utility accounts
- ♦ Financial institutions
- ♦ Landlords
- ♦ Cellular phone accounts
- ♦ Delinquent accounts

Consumers should contact all three agencies for a copy of their credit report. A lending company may report to only one credit reporting agency and the CRA's are independent of one another. Therefore, information may be different on all three reports. It is the consumer's responsibility to have all three reports free of errors. Contact information:

Equifax	Experian	TransUnion
1.800.685.1111	1.888.397.3742	1.800.860.7289
www.equifax.com	www.experian.com	www.transunion.com

REQUESTING A CREDIT REPORT

A consumer can request a credit report any time. Under the Fair and Accurate Credit Transactions Act, consumers will be able to obtain one free credit report annually from each of the three reporting agencies. After September 1, 2005, the entire United States will be able to take advantage of this new mandate. Consumers are not the only individual able to request their credit report. A consumer's credit report may be requested by a business when the consumer is seeking credit with them. Any time a consumer requests credit from a business, they are able to review the consumer's credit report. This may include:

- ♦ Landlords;
- ♦ Insurance agencies;
- ♦ Current and potential credit companies;
- ♦ State/local child support agencies;
- ♦ Government agencies;
- ♦ Financial institutions inquiring for lines of credit;
- ♦ Potential employers—may request a credit report only if there is a written request from applicant.



UNDERSTANDING CREDIT REPORTS

MISTAKES IN CREDIT REPORTS

In July 2000, *Consumer Reports* cited a study stating the two main errors appearing in credit reports were fraud and mistaken identity. Mistaken identity occurs when a lender reports a credit transaction and information is recorded on the wrong person's credit report, usually of a similar name. In 1971, the Fair Credit Reporting Act was enacted to protect the consumer. It states consumers have the right to know what information is in their credit report and to correct any errors. This legislation was designed to promote accuracy and ensure privacy of consumer information in consumer credit reports. To correct an error on a credit report, follow these steps:

- Contact the particular credit bureau that has incorrect information;
- The bureau has 30 days to investigate the information;
- Information must be removed from a file if a CRA cannot verify it or corrected if information contains errors;
- If the consumer disagrees with the result of a CRA investigation, they have the right to submit a 100 word explanation which gives their version of the dispute. After seven years, negative information is removed except for bankruptcy which is removed after ten years.

If a consumer is denied credit in the past 60 days, they will receive a letter telling them which credit agency the information came from. Consumers should check their credit report once a year to make sure the information is accurate and up-to-date.

Remember you can obtain one free credit report annually from each of the three reporting agencies.

www.annualcreditreport.com

WHAT IS A CREDIT SCORE?

A credit score is a mathematical tool created to help a lender evaluate the risk associated with lending a customer money. A credit score is not listed in a credit report because each CRA has an independent scoring system based upon a standard percentage of five different categories. This means a consumer's credit score may be different depending upon the type of independent scoring system used. CRA's can tell a consumer what is in his/her credit report and what his/her score is, but only the lender can tell them how they calculated the score. Consumers can ask lenders what factors are used in calculating their credit score and how to improve it.

CALCULATION OF CREDIT SCORES

Scores are calculated by five different categories.

1. 35% - Payment history: the timely manner in which a consumer did or did not pay the debt.
2. 30% - Outstanding debt: the amount of debt currently held in credit card debt and installment loans.
3. 15% - Credit history: takes into account how long the consumer has held credit accounts and how often they are used.
4. 10% - Pursuit of new credit: assesses how much credit is acquired over the length of the consumer's credit score.
5. 10% - Types of credit in use: may include credit cards, gas cards, store cards, loans, etc.

Other factors may be calculated into a credit score including length of time at current address, current income, financial information, late payments, amount of outstanding credit, amount of credit in use, and length of time credit has been established.

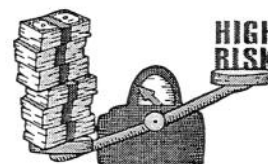
CREDIT SCORES AFFECT FINANCIAL ABILITY

HIGH SCORE

- Low interest rate on loan
- Ability to receive loan/credit
- Reflects borrower is a low risk to lenders
- Ability to acquire conveniences such as: cell phone, credit card, and utility accounts

LOW SCORE

- High interest rate on loan
- Inability to receive loan/credit
- Reflects borrower is high risk for lenders
- Inability to acquire conveniences



CREDIT REPORTS HOMEWORK

Name _____

Date _____

	Total Points Earned
23	Total Points Possible
	Percentage

Directions: Read the questions completely. Write the answer in the space below each question.

1. Why is a credit report important to a consumer? (1 point)
2. What does a credit report tell potential creditors? (1 point)
3. How is it possible a consumer might not have a credit history? (1 point)
4. Describe three ways a typical high school student could work on building credit. (3 points)
5. Who does a consumer order a copy of their credit report from and what is the cost? (Include two costs in the answer) (3 points)
6. Can anyone look at a consumer's credit report? List three businesses with the right to see a consumer's credit report. (3 points)
7. List and describe how to contact the three main credit reporting agencies. (3 points)



8. Describe why it is important to check all three credit reports. (1 point)
9. What are the two most common errors on credit reports? (2 point)
10. What are the consumer's rights if there is an error on a credit report? (1 point)
11. What is a credit score? (1 point)
12. Name two affects on financial ability if a person has a low credit score. (2 point)

Bonus: What is the general rule in using credit? (2 points)



Name: _____ Period: _____

UNIT 3

Financial Literacy

Money Management Unit

Due: _____



Spending Plan Terms and Chart-----	___/9
Spending Plan Notes-----	___/20
Budget Notes-----	___/15
Types of Accounts-----	___/30
Cash Management Tools-----	___/32
Managing Your Cash-----	___/10
Financial Institutions Review-----	___/48
Financial Institutions Terms-----	___/0
You can bank on it comparison-----	___/60
Including your own attached sheet of paper	

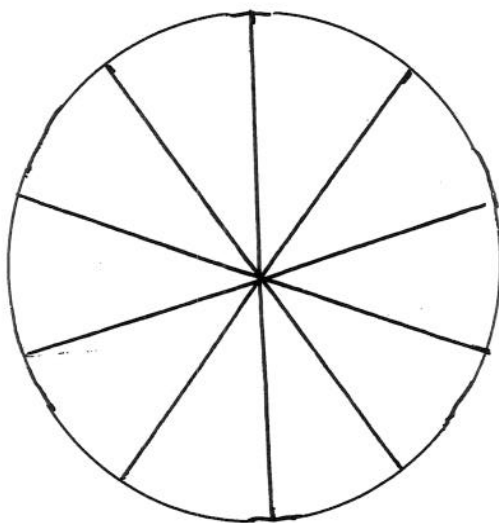
Total Points-----___/224

****Place in order behind this page to turn in as a complete packet****

Points or point value subject to change ☺

Spending Plan Terms

Assets	Everything a person owns with monetary value.
Balance Sheet	Shows Assets, liabilities, and net worth on a particular date for a family or individual.
Expenditures	Money spent
Flexible Expense	Expense amount will change each month.
Fixed Expense	Expense that remains the same each month.
Gross Pay	Total amount of money you make before deductions.
Liabilities	Debts or what is owed to others.
Need	Something that is a necessity.
Net Gain	Means a person is making more money that he/she is spending.
Net Loss	Means a person is spending more than he/she is making and has to borrow money to cover expenses
Net Pay	The money you "take home" after deductions.
Net Worth	The amount of money left when liabilities are subtracted from assets
Opportunity Cost	What you give up in order to get something else.
SMART Goals	Specific, Measurable, Attainable, Realistic, Time Bound
Spending Plan	A plan for spending your money previously referred to as a budget.
Want	Something unnecessary but desired.
70-20-10 Rule	70% money can be spent, 20% should be saved, and 10% invested.



Recommended Pie Chart

Housing _____%

Food _____%

Clothing _____%

Transportation _____%

Saving _____%

Misc _____%

Spending Plan Notes

1. Identify and define the five steps to financial goal setting.

S
M
A
R
T

2. What is one reason why financial goal setting is important when developing a spending plan?

3. What are the six steps to the spending plan process?

1.

2.

3.

4.

5.

6.

4. Explain the three types of Control Systems.

A.

B.

C.

Budget Notes

What is a budget?

What is a fixed expense? Define and give examples...

What is a flexible or variable expense? Define and give examples...

Brainstorm some possible lists of spending plan categories...

To create a budget or file system:

- Income/ Paycheck Stubs
- Rent/ Mortgage
- Credit Card
- Utilities: Gas
- Utilities: Power
- Utilities: Phone/Cell Phone
- Utilities: City/ Sewer
- Insurance: Health
- Insurance: Life
- Insurance: Automobile
- Small Loans
- Car Loans
- Charities
- Groceries
- Household
- Clothing
- Automobile Maintenance
- Automobile Fuel

8. Complete the chart below. Mark an X under the column FIXED if the item is a fixed expense or an X under the column FLEXIBLE if the item is a flexible expense. (9 points)

ITEM	FIXED	FLEXIBLE
Rent		
Gift		
Gas for automobile		
Power bill		
Magazine subscription		
Life insurance		
Groceries		
Car insurance		
Cable TV		

9. Based upon the following spending plan categories and amounts, answer the following questions. (6 points)

Food	\$125.00	Housing	\$250.00
Personal	\$50.00	Recreation	\$50.00
Transportation	\$120.00	Savings	\$100.00
Gifts	\$25.00	Reading and Education	\$20.00

- a. _____ In order to buy some new clothes, what category should increase?
- b. _____ In order to put money aside for a new automobile, what category should increase?
- c. _____ In order to take a night class, what category should increase?
- d. _____ What are two categories which could be easily reduced and why?



Types of Accounts

Checking	Savings	Money Market	Certificate of Deposit a.k.a "CD"	Retirement Accounts	Investment Accounts
Description:	Description:	Description:	Description:	403(b)	Stocks
Average Interest Rate:	Average Interest Rate:	Average Interest Rate:	Average Interest Rate:	401(k)	Bonds
				IRA a.k.a Individual Retirement Account	Mutual Funds
				Roth IRA	

FAMILY ECONOMICS & FINANCIAL EDUCATION

MANAGING YOUR CASH

CASH MANAGEMENT

Cash management is the daily routine of handling money to take care of an individual's or family's needs by keeping enough available for living expenses, emergencies, savings, and investing while maximizing interest earnings. A cash management tool is a financial account used to assist with daily cash management. Cash management can be performed through different types of cash management tools and cash on hand. A person must effectively manage these monetary assets.



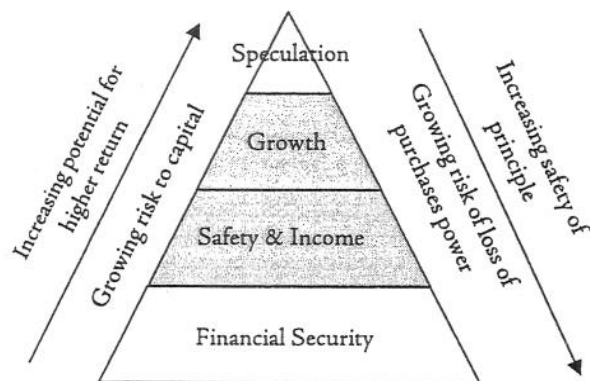
LIQUIDITY

Liquidity is how quickly and easily an asset can be converted into cash. If an individual were to have an emergency, cash needs to be easily accessible. Wise financial managers place money in both liquid and non-liquid tools to be able to cover everyday needs and to still earn interest. Diverse tools are available to fit different needs. Five types of cash management tools (or savings tools) include checking accounts, savings accounts, money market deposit accounts, certificates of deposit, and savings bonds.

CASH MANAGEMENT TOOLS

Checking Account	Most Liquid
Savings Account	
Money Market Deposit Account	
Certificate of Deposit	
Savings Bond	Least Liquid

FINANCIAL RISK PYRAMID



RISK

Cash management tools are on the first level of the financial risk pyramid. The financial risk pyramid illustrates the trade-offs between risk and return for a number of investments. This means they are safe, low-risk investments. The five cash management tools listed above are safe because they are protected by the U.S. Government against loss. However, the trade off is lower interest rates. Long-term investments need to be in a tool which has an interest rate at or above the rate of inflation (steady rise in the general level of prices) in order not to lose money on the investment.



MANAGING YOUR CASH

CHECKING ACCOUNT

Checking accounts could also be named transaction accounts because it is a tool used to transfer funds deposited into the account to make a cash purchase. The funds are easily accessed through a check, an automated teller machine (ATMs), a debit card, telephone, or internet. They are available at depository institutions (traditionally called banks). It reduces the need to carry large amounts of cash. Checking accounts are the most liquid because the money is considered as cash. Many different types of checking

accounts are available and the requirements for each one are different. They may be either non-interest or interest earning, require a minimum balance, charge transactions fees, or limit on the number of checks written each month. If they are interest earning, the interest rate is usually the lowest

of all the cash management tools. Many of the checking accounts available for students are free which means there are no minimum balance requirements and unlimited check writing is allowed.



Before opening a checking account, learn all of the requirements and restrictions.

SAVINGS ACCOUNT

Savings accounts hold money not spent on consumption. It allows for frequent deposits or withdrawals of funds, is easily accessible, and can be used as a place to store money for emergencies or to temporarily hold money not needed for daily living expenses. They are available at depository institutions. Savings accounts are more liquid than everything except checking accounts because a person can easily get money out of a savings account in a few minutes. They are accessible through ATMs, telephone, or internet. They are interest-bearing, but have lower interest rates compared to other cash management tools except checking accounts. Requirements of a savings account will vary depending upon the financial institution, but some may require a minimum balance or have a limited number of allowed withdrawals each month. Before opening a savings account, be aware of all requirements and restrictions.

MONEY MARKET
DEPOSIT ACCOUNT

Money market deposit accounts are a government insured account offered at most depository institutions. These accounts have a minimum balance requirement with tiered interest rates. Tiered interest rates mean the amount of interest earned depends on the account balance. For example, a balance of \$10,000 will earn a higher interest rate than a balance of \$2,500. Accounts are limited to a certain number of transactions each month. Customers usually have to deposit a minimum amount to open the account (\$1,000). Money market deposit accounts have a higher average rate of return than savings accounts.

CERTIFICATE OF
DEPOSIT

Certificates of deposit (CDs) are insured interest earning savings instruments with restricted access to the funds. They are offered by depository institutions accepting deposits for a certain length of time. The deposits range from \$100 to \$100,000. The time length of the CD usually ranges from seven days to eight years. If the funds are withdrawn before the expiration date, penalties are assessed. CDs are simple with no risks and no fees. The interest rate of the CD will vary depending upon the specified time length. The longer the length of the CD, the higher the interest rate will be.

Family Economics & Financial Education

SAVINGS BOND

U.S. Savings Bonds are for conservative, low-risk savers who like government secured savings instruments. A savings bond is a discount bond purchased for 50% of the face value from the U.S. Government. Bonds are affordable and safe because they are backed by the U.S. government.

Different types of savings bonds are available. They can be purchased for \$25.00 - \$10,000.00. For a \$100.00 bond, a person would invest \$50.00. The bond can be redeemed when the investment doubles to reach \$100.00. Any interest earned is exempt from being taxed until the bond is redeemed. If the bond is

used to pay for college, it is tax exempt when redeemed.



CASH MANAGEMENT TOOLS

Tool	Average Interest Earned	Purchase Place	Special Features
Checking Account	1.5%	Commercial Banks, Savings and Loan Associations, Credit Union	Can be used in place of cash, funds can be easily accessed
Savings Account	2.3%	Commercial Banks, Savings and Loan Associations, Credit Union	Easily accessed, temporary holding place for funds
Money Market Deposit Account	2.6%	Commercial Banks, Savings and Loan Associations, Credit Union	Minimum balance, limited transactions, tiered interest rates
Certificate of Deposit	4.0% - 5.4%, depending on the length of deposit	Commercial Banks, other institutions which accept deposits for a fixed period	Penalties for early withdrawals, no deposits or withdrawals are made after initial investment
Savings Bond	4.0% - 5.4%, depending on the length of bond	Commercial Banks, Credit Unions, employer payroll deduction plans	Tax advantages, a loan to the federal government

If a person saved a dollar each day, they would save \$365.00 in one year!

If the \$365.00 was deposited into a certificate of deposit earning 5.0%, the money would grow into nearly \$400.00 in one year!



CASH MANAGEMENT TOOLS

Name _____

Date _____

	Total Points Earned
32	Total Points Possible
	Percentage

Directions: Complete the questions based on the cash management information.

1. The daily routine of handling money to take care of individual or family needs is called _____. (1 point)
2. Money should be available for what four items with effective cash management? (4 points)
3. Define a cash management tool. (1 point)
4. What is a checking account? (1 point)
5. Name three ways to access funds in a checking account. (3 points)
6. A savings account is meant to hold what kind of money? (1 point)
7. Describe two features of a savings account. (2 points)
8. What is a money market deposit account? (1 point)
9. Name and define the type of interest rate used for a money market deposit account. (2 points)



10. A _____ is an insured, interest earning savings instrument with restricted access to the funds. (1 point)
11. What are three features of a certificate of deposit? (3 points)
12. Define a savings bond. (1 point)
13. For what amount can a savings bond be purchased? (1 point)
14. What is liquidity? (1 point)
15. Investors should invest in both _____ and _____ tools. (2 points)
16. Complete the chart below by listing the most liquid cash management tool to the least. (5 points)

Cash Management Tool	
Most liquid	1. _____
	2. _____
	3. _____
	4. _____
Least liquid	5. _____

17. These five cash management tools are protected by whom against loss? (1 point)
18. Cash management tools are on what level of the investment risk pyramid? (1 point)

MANAGING YOUR CASH

Name _____

Date _____

	Total Points Earned
10	Total Points Possible
	Percentage

Directions: Complete the chart below by filling in the blanks. (2 points per cell)

Tool Name:	Characteristics:				
	Definition:	Interest:	Accessibility:	Feature:	Feature:
Checking Account	A tool used to transfer funds deposited into the account to make a cash purchase	May be either non-interest or interest earning (usually the lowest interest rate of the cash management tools)	1.	The most liquid because the money is considered cash; Reduces the need to carry large amounts of cash	May have limits on the number of checks written each month or may charge transaction fees
Savings Account	An account to hold money not spent on consumption	2.	Easily accessible through ATMs, telephone, or internet	May require a minimum balance or have a limited number of allowed withdrawals each month depending upon the financial institution	Store money for emergencies or temporarily hold money beyond daily living expenses
Money Market Deposit Account	Government insured account which is offered at depository institutions	Has a higher average rate of return than checking and savings accounts	Limited to a certain number of transactions each month	Customers usually have to deposit a minimum amount to open the account (\$1,000)	3.
Certificate of Deposit	4.	The interest rate will vary depending upon the specified time length	If the funds are withdrawn before the expiration date, penalties are assessed	The time length usually ranges from seven days to eight years	Offered by depository institutions accepting deposits for a certain length of time
Savings Bond	A discount bond purchased for 50% of the face value from the U.S. Government	Any interest earned is tax exempt until it is redeemed; If it is used to pay for college, it is tax exempt when redeemed	Can be redeemed when the bond matures (i.e. a bond purchased for \$50 can be redeemed when it's worth \$100)	5.	For conservative, low-risk savers who like government secured savings instruments

FINANCIAL INSTITUTIONS REVIEW

Name _____

Date _____

	Total Points Earned
48	Total Points Possible
	Percentage

Directions: Answer the following questions based on information on Financial Institutions.

1. Identify two reasons to become educated about money management. (2 points)

2. What is the definition of a financial institution? (1 point)

3. Who are the customers that depository institutions serve? (2 points)

4. What does each acronym stand for - FDIC, SAIF and NCUA? What is the purpose of each? (6 points)

5. What are four types of financial institutions? (4 points)

6. Name two characteristics about commercial banks. (2 points)

7. Name three services offered at commercial banks. (3 points)

8. How did the savings & loan associations (S&Ls) get their name? (2 points)



9. Name three services offered at S&Ls. (3 points)
10. What is significant about credit unions compared to commercial banks and S&Ls? (2 points)
11. Identify three services offered at credit unions. (3 points)
12. Why might people be less familiar with brokerage firms? (1 point)
13. Name three services offered at brokerage firms. (3 points)
14. Describe two benefits from using financial services. (2 points)
15. Identify two reasons why choosing one financial institution can be an advantage to a consumer. (2 points)
16. Choose and describe four financial services. (8 points)
17. Identify two new things you learned about financial institutions and services. (2 point)



Financial Institutions Terms

APR	Annual Percentage Rate. The cost of credit on a yearly basis written as a percentage rate.
ATM	Automatic Teller Machine. Electronic computer terminal through which customers may make deposits, withdrawals, and complete other financial transactions.
Brokerage Firm	They are licensed institutions which offer customers money management plans to buy and sell stocks, bonds, and other investment opportunities.
Commercial Bank	Offers a wide variety of services and products available including checking and savings accounts, loans, credit cards, investments and advice. They are insured by the FDIC
Credit Union	A non-profit cooperative bank owned by its members. Seome
FDIC	Federal Deposit Insurance Corporation. Insures bank account deposits for up to \$100,000.
Loan	Money given to borrower with expectations to be paid back over certain time period including interest.
Mortgage	A loan to purchase real estate.
NCUA	National Credit Union Association. Insures credit union account deposits for up to \$100,000.
Safe Deposit Box	A secured box in a bank to be used for valuable and important personal items.
Savings and Loan	These banks focus on providing loans and mortgages to customers who hold a savings account. They are insured by the SAIF.
SAIF	Savings and Association Insurance Fund.
Share Draft Account	A checking account at a Credit Union.
Share Account	A savings account at a Credit Union.
Share Certificate Account	A certificate of deposit at a Credit Union.

Name: _____ Date: _____ Period: _____

You Can Bank On It Comparison

Instructions: Select 6 different institutions that you would like to visit around the room. You must have at least 3 banks and 3 credit unions. Examine each poster for the chosen institutions. Fill in the appropriate information. After you have completed the chart, summarize in three paragraphs on the back what you learned from this activity. Did it surprise you when you learned requirements? Interest rates? Fees? Make sure and list which institution you would choose and why.

for sample piece
of paper and
attach to

Institution	History Bank or Credit Union	Checking Accounts Types Requirements Services Fees Interest Rate	Savings Accounts Types Requirements Services Fees Interest Rate	Money Market Accounts Types Requirements Services Fees Interest Rate	Investments, including Accounts Types Requirements Services Fees Interest Rate CDs
1					
2					
3					
4					
5					
6					

Partners Names: _____

REMEMBER: Tape Rubric to the back of the Poster.

You Can Bank On It!

The challenge: You are going to get the scoop about all of the different accounts a local bank or credit union has to offer that you are assigned.

You can collect brochures or other publications from the bank or credit union, by physically going to the financial institution or you can gather information online if possible. Refer to the companies website. You will then use them to create a poster advertising the bank's services. Make sure to make the poster easy to read and very clear. Make it creative and neat! The poster needs to be professional looking!

On your poster you will need to include the following information:

1. Name of institution- with some information and history on the institution
2. Checking Accounts- types, requirements, services, advantages, fees, interest rate
3. Saving Accounts- types, requirements, services, advantages, fees, interest rate
4. Money Market Accounts- types, requirements, services, advantages, fees, interest rate
5. Other Investment Accounts- types, requirements, services, advantages, fees, interest rate (such as Certificate of Deposits, IRA, Mutual Funds, etc.)

You will present your poster on the following day: _____ **YOU MUST BE READY!**

Bank or Credit Union:

Address:

Contact Information:

Grading Rubric:

Completion _____/25 Comments:

Required Information

Name and History	_____/10
Checking	_____/10
Savings	_____/10
Money Market	_____/10
Other Investment	_____/10

Creativity/ Appearance _____/25

Total _____/100

Name: _____ Period: _____

UNIT 4

Financial Literacy

Investment Unit

Due: _____



Savings and Investing Terms/Introduction to Saving-----	___/0
Savings vs. Investing-----	___/26
Time Value of Money Worksheet-----	___/16
(Extra Credit) Financial Literacy Compounding Problems-----	___/20
Rule of 72-----	___/12
Different Types of Investments Accounts-----	___/30
Chad Foster Video Notes/Guest Speaker Notes-----	___/20
Alexander, Who Used to Be Rich Last Sunday by Judith Viorst-----	___/15
Total Points-----	___/119

***Possibility of 20 Extra Credit

****Place in order behind this page to turn in as a complete packet****

Points or point value subject to change ☺

Savings/Investing Terms

Bathtub Analogy	The analogy that income is water coming into a bathtub, wealth is the water in a bathtub, and expenses is the water coming out of a bathtub.
Bond	Lending money to an organization as an investment
Certificate of Deposit	A fixed-time deposit which specify a time period that the savings must be left on deposit. (CD)
Compounding Interest	Earning interest on interest.
Fixed Interest Rate	The interest rate will not change for the lifetime of the investment.
Inflation	Steady rise in the general level of prices. Occurs when the supply of money rises faster than the supply of goods and services available for purchase.
Interest	Price of money.
Interest Rate	Percentage rate paid on the money saved or invested expressed as an annual percentage rate.
Investing	The purchase of assets with the goal of increasing future income.
IRA	Individual Retirement Account.
Liquidity	How easily investments can be converted to cash.
Money Market Account	A government insured account offered at most depository institutions.
Mutual Fund	Groups of stocks, bonds, and other investments managed by an investment firm.
Pay Yourself First	Taking out a portion of a paycheck for saving or investing before using any of the check for spending.
Principal	The original amount invested, borrowed, or saved.
Roth	Individual Tax Free Retirement Plan.
Rule of 72	Formula figuring the number of years it takes to double principle using compound interest. This is found by dividing the interest rate the money will earn into the number 72.
Savings Account	An account to hold money not spent on consumption.
Savings Bonds	Promissory notes issued by federal government
Simple Interest	Interest earned on the principal (original) investment
Tax-deferred	Taxes will not be paid until a person takes money out of the investment.
401K Plan	Tax-deferred retirement plans employers provide for their employees.
Variable Interest Rate	The amount of interest earned depends on the account balance.
Time Value of Money	A calculations which adjust for the fact that dollars to be received or paid out in the future are not equivalent to those received or paid out today because of compounding interest.

INTRODUCTION TO SAVING

FAMILY ECONOMICS & FINANCIAL EDUCATION SAVINGS BASICS

Savings is the portion of current income not spent on consumption. Savings accounts provide an easily accessible place for people to store their money to meet daily living expenses and to have money for emergencies. Financial experts recommend individuals keep a minimum of three to six months of salary in a savings account.

Use Savings Accounts for:

- Daily Expenses
- Emergencies
- Future Purchases
- Future Investing

SAVINGS VS. INVESTING

Savings

- The portion of current income not spent on consumption.
- Place to store money for daily expenses and for emergencies.
- Liquidity is how quickly and easily an asset can be converted into cash. In an emergency, cash needs to be easily accessible. Savings accounts are more liquid than investment accounts.
- Generally yield a low interest rate, often barely meeting inflation.

Investing

- The purchase of assets with the goal of increasing future income.
- Develop and implement a savings plan before beginning an investment.
- Investments are not as liquid as savings
- Rate of return, or annual return on the investment, varies between investments, however, it is usually higher than any return on a savings account.

REASONS PEOPLE SHOULD SAVE

"Pay Yourself First!"

Put money away into a savings account or investment BEFORE you pay other bills or use for spending.

- **Emergencies** – It is recommended individuals have a minimum of three to six months of salary in savings accounts for emergencies. Examples of emergencies can include illness, losing a job, or immediate need to replace a large item such as a washing machine.
- **Expenses** – Savings accounts can be used as a budgeting tool to manage monthly expenses.
- **Future Purchases** – Money can be used to meet future goals such as a college education, new car, down payment on a home, or a new stereo.
- **Investing** – After an individual has established a savings account, money should be invested monthly for future income.

WHY PEOPLE DON'T SAVE

- People are not having their current consumption needs and wants met.
- People do not know how much they need to be saving or investing for future goals.
- Money in savings accounts earns such poor interest rates. It barely (if at all) keeps up with inflation. Investing usually gains higher interest rates.
- Individuals justify not needing money for emergencies because they have credit easily available.
- People feel they have adequate insurance and job security; therefore they do not need money for emergencies.

DEVELOPING A SAVINGS PLAN

- Track spending for one month to determine where money is currently going.
- Evaluate spending and determine where money can be saved.
- Decide what amount will be put into savings per month, put decision into writing and stick to it!—Now you have a Savings Plan.
- Be willing to make adjustments. If the savings plan is not working evaluate why.

70-20-10 Rule

- Spend 70% of money you earn
- Save 20% of money you earn
- Invest 10% of money you earn



SAVINGS VS. INVESTING

Name _____

Date _____

	Total Points Earned
26	Total Points Possible
	Percentage

Directions: Complete the following questions.

1. What is the definition of savings? (1 point)
2. Identify three reasons to have savings. (3 points)
3. Identify three reasons a person may not have savings. (3 points)
4. What is the recommended amount to have in savings? (1 point)
5. What is the definition of investing? (1 point)
6. Which generally has higher interest rates, savings or investing? (1 point)
7. Define liquidity. (1 point)
8. Which is more liquid, savings or investing? Why? (2 points)
9. What does "Pay Yourself First" mean? (1 point)



10. In the 70-20-10 rule, what does each number represent? (3 points)
-
11. What are three steps to beginning a savings plan? (3 points)
12. Identify a personal goal. (1 point)
13. Write goal as a financial goal. Clearly define what the money is being saved for, how much money is needed, how the money will be saved, and for how long. (5 points)



TIME VALUE OF MONEY

FAMILY ECONOMICS & FINANCIAL EDUCATION

INTRODUCTION

One of the most amazing concepts about saving and investing is the time value of money. This means money paid out or received in the future is not equivalent to money paid out or received today. Essentially, the power of time is on a person's side. There are three factors affecting how much an investment will increase: time, money, and interest rate. Interest rate is the percentage rate paid on the money invested or saved. The more an individual invests at a higher interest rate at an earlier age, the higher the future returns will be.

COMPOUNDING VS. SIMPLE INTEREST

Interest is the price of money. To understand how the future value of an investment works individuals must understand the difference between compounding and simple interest. Compounding interest is defined as earning interest on interest. It is the key concept to understanding the time value of money. Simple interest is interest earned on the principal investment. Principal refers to the original amount of money invested or saved.

\$1,000 Invested Compounded Annually at 10% Interest Rate	
1 Year	2 Years
\$1,104.71	\$1,220.39

The equation for simple interest is:

Interest earned = amount invested x the annual interest rate x the number of years.

Therefore, if \$1,000 was earning simple interest, multiplied by 10% interest, multiplied by 5 years the total would be \$500 interest earned. Compounding interest earned \$1,645.31 compared to \$1,500 earned by simple interest.

\$1,000 Invested at 10% Simple Interest Rate	
1 Year	2 Years
\$1,100.00	\$1,200.00

TIME

Time has an important impact of the future value of money. Time is referred to as "N," or "number," and signifies the number of times something happens to your money. For example, if a three year savings bond is compounded monthly, there would be 36 compounding periods (12 x 3). The earlier an individual invests, the more time their investment has to compound interest and increase in value.

Three Factors Affecting the Time Value of Money

Time
Amount invested
Interest rate

AMOUNT INVESTED

Even if a person can only invest \$50.00 per month, it is better than not investing anything at all. Developing a "Pay Yourself First" strategy is essential to a successful investment plan. Remember the 70-20-10 rule. Seventy percent can be spent, twenty percent should be saved, and 10 percent can be invested. To have money for savings and investing, individuals should evaluate their consumption habits. A person can earn thousands of dollars by decreasing the number of unnecessary purchases and investing that extra money. "The Costs Add Up" worksheet is provided to illustrate this point.



A Little Goes a Long Way

Investment	Total Years	Age	Investment	Total Years
\$1,000	\$3,300	22	\$1,000	\$3,300
\$1,000	\$6,600	23	\$1,000	\$6,600
\$1,000	\$9,900	24	\$1,000	\$9,900
\$1,000	\$13,200	25	\$1,000	\$13,200
\$1,000	\$16,500	26	\$1,000	\$16,500
\$1,000	\$19,800	27	\$1,000	\$19,800
\$1,000	\$23,100	28	\$1,000	\$23,100
\$1,000	\$26,400	29	\$1,000	\$26,400
\$1,000	\$29,700	30	\$1,000	\$29,700
\$1,000	\$33,000	31	\$1,000	\$33,000
\$1,000	\$36,300	32	\$1,000	\$36,300
\$1,000	\$39,600	33	\$1,000	\$39,600
\$1,000	\$42,900	34	\$1,000	\$42,900
\$1,000	\$46,200	35	\$1,000	\$46,200
\$1,000	\$49,500	36	\$1,000	\$49,500
\$1,000	\$52,800	37	\$1,000	\$52,800
\$1,000	\$56,100	38	\$1,000	\$56,100
\$1,000	\$59,400	39	\$1,000	\$59,400
\$1,000	\$62,700	40	\$1,000	\$62,700
\$1,000	\$66,000	41	\$1,000	\$66,000
\$1,000	\$69,300	42	\$1,000	\$69,300
\$1,000	\$72,600	43	\$1,000	\$72,600
\$1,000	\$75,900	44	\$1,000	\$75,900
\$1,000	\$79,200	45	\$1,000	\$79,200
\$1,000	\$82,500	46	\$1,000	\$82,500
\$1,000	\$85,800	47	\$1,000	\$85,800
\$1,000	\$89,100	48	\$1,000	\$89,100
\$1,000	\$92,400	49	\$1,000	\$92,400
\$1,000	\$95,700	50	\$1,000	\$95,700
\$1,000	\$99,000	51	\$1,000	\$99,000
\$1,000	\$102,300	52	\$1,000	\$102,300
\$1,000	\$105,600	53	\$1,000	\$105,600
\$1,000	\$108,900	54	\$1,000	\$108,900
\$1,000	\$112,200	55	\$1,000	\$112,200
\$1,000	\$115,500	56	\$1,000	\$115,500
\$1,000	\$118,800	57	\$1,000	\$118,800
\$1,000	\$122,100	58	\$1,000	\$122,100
\$1,000	\$125,400	59	\$1,000	\$125,400
\$1,000	\$128,700	60	\$1,000	\$128,700
\$1,000	\$132,000	61	\$1,000	\$132,000
\$1,000	\$135,300	62	\$1,000	\$135,300
\$1,000	\$138,600	63	\$1,000	\$138,600
\$1,000	\$141,900	64	\$1,000	\$141,900
\$1,000	\$145,200	65	\$1,000	\$145,200
\$1,000	\$148,500	66	\$1,000	\$148,500
\$1,000	\$151,800	67	\$1,000	\$151,800
\$1,000	\$155,100	68	\$1,000	\$155,100
\$1,000	\$158,400	69	\$1,000	\$158,400
\$1,000	\$161,700	70	\$1,000	\$161,700
\$1,000	\$165,000	71	\$1,000	\$165,000
\$1,000	\$168,300	72	\$1,000	\$168,300
\$1,000	\$171,600	73	\$1,000	\$171,600
\$1,000	\$174,900	74	\$1,000	\$174,900
\$1,000	\$178,200	75	\$1,000	\$178,200
\$1,000	\$181,500	76	\$1,000	\$181,500
\$1,000	\$184,800	77	\$1,000	\$184,800
\$1,000	\$188,100	78	\$1,000	\$188,100
\$1,000	\$191,400	79	\$1,000	\$191,400
\$1,000	\$194,700	80	\$1,000	\$194,700
\$1,000	\$198,000	81	\$1,000	\$198,000
\$1,000	\$201,300	82	\$1,000	\$201,300
\$1,000	\$204,600	83	\$1,000	\$204,600
\$1,000	\$207,900	84	\$1,000	\$207,900
\$1,000	\$211,200	85	\$1,000	\$211,200
\$1,000	\$214,500	86	\$1,000	\$214,500
\$1,000	\$217,800	87	\$1,000	\$217,800
\$1,000	\$221,100	88	\$1,000	\$221,100
\$1,000	\$224,400	89	\$1,000	\$224,400
\$1,000	\$227,700	90	\$1,000	\$227,700
\$1,000	\$231,000	91	\$1,000	\$231,000
\$1,000	\$234,300	92	\$1,000	\$234,300
\$1,000	\$237,600	93	\$1,000	\$237,600
\$1,000	\$240,900	94	\$1,000	\$240,900
\$1,000	\$244,200	95	\$1,000	\$244,200
\$1,000	\$247,500	96	\$1,000	\$247,500
\$1,000	\$250,800	97	\$1,000	\$250,800
\$1,000	\$254,100	98	\$1,000	\$254,100
\$1,000	\$257,400	99	\$1,000	\$257,400
\$1,000	\$260,700	100	\$1,000	\$260,700
\$1,000	\$264,000	101	\$1,000	\$264,000
\$1,000	\$267,300	102	\$1,000	\$267,300
\$1,000	\$270,600	103	\$1,000	\$270,600
\$1,000	\$273,900	104	\$1,000	\$273,900
\$1,000	\$277,200	105	\$1,000	\$277,200
\$1,000	\$280,500	106	\$1,000	\$280,500
\$1,000	\$283,800	107	\$1,000	\$283,800
\$1,000	\$287,100	108	\$1,000	\$287,100
\$1,000	\$290,400	109	\$1,000	\$290,400
\$1,000	\$293,700	110	\$1,000	\$293,700
\$1,000	\$297,000	111	\$1,000	\$297,000
\$1,000	\$300,300	112	\$1,000	\$300,300
\$1,000	\$303,600	113	\$1,000	\$303,600
\$1,000	\$306,900	114	\$1,000	\$306,900
\$1,000	\$310,200	115	\$1,000	\$310,200
\$1,000	\$313,500	116	\$1,000	\$313,500
\$1,000	\$316,800	117	\$1,000	\$316,800
\$1,000	\$320,100	118	\$1,000	\$320,100
\$1,000	\$323,400	119	\$1,000	\$323,400
\$1,000	\$326,700	120	\$1,000	\$326,700
\$1,000	\$330,000	121	\$1,000	\$330,000
\$1,000	\$333,300	122	\$1,000	\$333,300
\$1,000	\$336,600	123	\$1,000	\$336,600
\$1,000	\$339,900	124	\$1,000	\$339,900
\$1,000	\$343,200	125	\$1,000	\$343,200
\$1,000	\$346,500	126	\$1,000	\$346,500
\$1,000	\$349,800	127	\$1,000	\$349,800
\$1,000	\$353,100	128	\$1,000	\$353,100
\$1,000	\$356,400	129	\$1,000	\$356,400
\$1,000	\$359,700	130	\$1,000	\$359,700
\$1,000	\$363,000	131	\$1,000	\$363,000
\$1,000	\$366,300	132	\$1,000	\$366,300
\$1,000	\$369,600	133	\$1,000	\$369,600
\$1,000	\$372,900	134	\$1,000	\$372,900
\$1,000	\$376,200	135	\$1,000	\$376,200
\$1,000	\$379,500	136	\$1,000	\$379,500
\$1,000	\$382,800	137	\$1,000	\$382,800
\$1,000	\$386,100	138	\$1,000	\$386,100
\$1,000	\$389,400	139	\$1,000	\$389,400
\$1,000	\$392,700	140	\$1,000	\$392,700
\$1,000	\$396,000	141	\$1,000	\$396,000
\$1,000	\$399,300	142	\$1,000	\$399,300
\$1,000	\$402,600	143	\$1,000	\$402,600
\$1,000	\$405,900	144	\$1,000	\$405,900
\$1,000	\$409,200	145	\$1,000	\$409,200
\$1,000	\$412,500	146	\$1,000	\$412,500
\$1,000	\$415,800	147	\$1,000	\$415,800
\$1,000	\$419,100	148	\$1,000	\$419,100
\$1,000	\$422,400	149	\$1,000	\$422,400
\$1,000	\$425,700	150	\$1,000	\$425,700
\$1,000	\$429,000	151	\$1,000	\$429,000
\$1,000	\$432,300	152	\$1,000	\$432,300
\$1,000	\$435,600	153	\$1,000	\$435,600
\$1,000	\$438,900	154	\$1,000	\$438,900
\$1,000	\$442,200	155	\$1,000	\$442,200
\$1,000	\$445,500	156	\$1,000	\$445,500
\$1,000	\$448,800	157	\$1,000	\$448,800
\$1,000	\$452,100	158	\$1,000	\$452,100
\$1,000	\$455,400	159	\$1,000	\$455,400
\$1,000	\$458,700	160	\$1,000	\$458,700
\$1,000	\$462,000	161	\$1,000	\$462,000
\$1,000	\$465,300	162	\$1,000	\$465,300
\$1,000	\$468,600	163	\$1,000	\$468,600
\$1,000	\$471,900	164	\$1,000	\$471,900
\$1,000	\$475,200	165	\$1,000	\$475,200
\$1,000	\$478,500	166	\$1,000	\$478,500
\$1,000	\$481,800	167	\$1,000	\$481,800
\$1,000	\$485,100	168	\$1,000	\$485,100
\$1,000	\$488,400	169	\$1,000	\$488,400
\$1,000	\$491,700	170	\$1,000	\$491,700
\$1,000	\$495,000	171	\$1,000	\$495,000
\$1,000	\$498,300	172	\$1,000	\$498,300
\$1,000	\$501,600	173	\$1,000	\$501,600
\$1,000	\$504,900	174	\$1,000	\$504,900
\$1,000	\$508,200	175	\$1,000	\$508,200
\$1,000	\$511,500	176	\$1,000	\$511,500
\$1,000	\$514,800	177	\$1,000	\$514,800
\$1,000	\$518,100	178	\$1,000	\$518,100
\$1,000	\$521,400	179	\$1,000	\$521,400
\$1,000	\$524,700	180	\$1,000	\$524,700
\$1,000	\$528,000	181	\$1,000	\$528,000
\$1,000	\$531,300	182	\$1,000	\$531,300
\$1,000	\$534,600	183	\$1,000	\$534,600
\$1,000	\$537,900	184	\$1,000	\$537,900
\$1,000	\$541,200	185	\$1,000	\$541,200
\$1,000	\$544,500	186	\$1,000	\$544,500
\$1,000	\$547,800	187	\$1,000	\$547,800
\$1,000	\$551,100	188	\$1,000	\$551,100
\$1,000	\$554,400	189	\$1,000	\$554,400
\$1,000	\$557,700	190	\$1,000	\$557,700
\$1,000	\$561,000	191	\$1,000	\$561,000
\$1,000	\$564,300	192	\$1,000	\$564,300
\$1,000	\$567,600	193	\$1,000	\$567,600
\$1,000	\$570,900	194	\$1,000	\$570,900
\$1,000	\$574,200	195	\$1,000	\$574,200
\$1,000	\$577,500	196	\$1,000	\$577,500
\$1,000	\$580,800	197	\$1,000	\$580,800
\$1,000	\$584,100	198	\$1,000	\$584,100
\$1,000	\$587,400	199	\$1,000	\$587,400
\$1,000	\$590,700	200	\$1,000	\$590,700
\$1,000	\$594,000	201	\$1,000	\$594,000
\$1,000	\$597,300	202	\$1,000	\$597,300
\$1,000	\$600,600	203	\$1,000	\$600,600
\$1,000	\$603,900	204	\$1,000	\$603,900
\$1,000	\$607,200	205	\$1,000	\$607,200
\$1,000	\$610,500	206	\$1,000	\$610,500
\$1,000	\$613,800	207	\$1,000	\$613,800
\$1,000	\$617,100	208	\$1,000	\$617,100
\$1,000	\$620,400	209	\$1,000	\$620,400
\$1,000	\$623,700	210	\$1,000	\$623,700
\$1,000	\$627,000	211	\$1,000	\$627,000
\$1,000	\$630,300	212	\$1,000	\$630,300
\$1,000	\$633,600	213	\$1,000	\$633,600
\$1,000	\$636,900	214	\$1,000	\$636,900
\$1,000	\$640,200	215	\$1,000	\$640,200
\$1,000	\$643,500	216	\$1,000	\$643,500
\$1,000	\$646,800	217	\$1,000	\$646,800
\$1,000	\$650,100	218	\$1,000	\$650,100
\$1,000	\$653,400	219	\$1,000	\$653,400
\$1,000	\$656,700	220	\$1,000	\$656,700
\$1,000	\$660,000	221	\$1,000	\$660,000
\$1,000	\$663,300	222	\$1,000	\$663,300
\$1,000	\$666,600	223	\$1,000	\$666,600
\$1,000	\$669,900	224	\$1,000	\$669,900
\$1,000	\$673,200	225	\$1,000	\$673,200
\$1,000	\$676,500	226	\$1,000	\$676,500
\$1,000	\$679,800	227	\$1,000	\$679,800
\$1,000	\$683,100	228	\$1,000	\$683,100
\$1,000	\$686,400	229	\$1,000	\$686,400
\$1,000	\$689,700	230	\$1,000	\$689,700
\$1,000	\$693,000	231	\$1,000	\$693,000
\$1,000	\$696,300	232	\$1,000	\$696,300
\$1,000	\$699,600	233	\$1,000	\$699,600
\$1,000	\$702,900	234	\$1,000	\$702,900
\$1,000	\$706,200			

TIME VALUE OF MONEY WORKSHEET

Name _____

Date _____

	Total Points Earned
16	Total Points Possible
	Percentage

Directions: Answer the following questions.

1. What does the adage "Make Your Money Work For You" mean? (1 point)
2. What is the difference between compounding and simple interest? (2 points)
3. What are the three factors affecting time value of money calculations? (3 points)
4. Identify one thing people should know about when to begin investing. (1 point)
5. Does a person want a higher or lower interest rate on an investment? (1 point)
6. What is the definition of risk? (1 point)
7. How do risk and interest rates relate to each other? (1 point)
8. What is the definition of inflation? (1 point)
9. Identify one example of how inflation affects an investment. (1 point)
10. If a person only has \$1.00 per day, or \$30.00 per month, to invest, should he or she invest?
Why or why not? (2 points)
11. What are the two mathematical equations used for time value calculations? (2 points)



FINANCIAL LITERACY

COMPOUNDING PROBLEMS

Assume you have \$100 today. Using the various interest rates listed in the table below, fill in the compound value of \$100 for each of the time periods listed.

Value of \$100	1 year	2 years	4 years	6 years
2%	\$102.00	\$104.04	\$108.24	\$112.62
4%				
5%				
6%				
8%				
10%				

If this is too taxing for your brain, feel free to use a Compound Interest Calculator. You can find one on the WWW by doing a search for "Compound Interest Calculator."

THE RULE OF 72

The most important and simple rule to financial success.

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RULE OF 72


□ The answers can be easily discovered by knowing the Rule of 72

■ The time it will take an investment (or debt) to double is value at a given interest rate using compounding interest.

$$\frac{72}{\text{Interest Rate}} = \text{Years to double investment (or debt)}$$

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ALBERT EINSTEIN



Credited for discovering the mathematical equation for compounding interest, thus the "Rule of 72"

"It is the greatest mathematical discovery of all time."

$$T = P(1 + I/N)^{YN}$$

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WHAT THE "RULE OF 72" CAN DETERMINE

□ How many years it will take an investment to double at a given interest rate using compounding interest.

□ How long it will take debt to double if no payments are made.

□ The interest rate an investment must earn to double within a specific time period.

□ How many times money (or debt) will double in a specific time period.

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THINGS TO KNOW ABOUT THE "RULE OF 72"

The "Rule of 72"

□ Is only an approximation

□ The interest rate must remain constant

□ The equation does not allow for additional payments to be made to the original amount

□ Interest earned is reinvested

□ Tax deductions are not included within the equation

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DOUG'S CERTIFICATE OF DEPOSIT

Doug invested \$2,500 into a Certificate of Deposit earning a 6.5% interest rate. How long will it take Doug's investment to double?

□ Invested \$2,500

□ Interest Rate is 6.5%

$$\frac{72}{6.5\%} = 11 \text{ years to double investment}$$

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ANOTHER EXAMPLE

The average stock market return since 1926 has been 11%

$$\frac{72}{11\%} = 6.5 \text{ years to double investment}$$

Therefore, every 6.5 years an individual's investment in the stock market has doubled

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JESSICA'S CREDIT CARD DEBT

Jessica has a \$2,200 balance on her credit card with an 18% interest rate. If Jessica chooses to not make any payments and does not receive late charges, how long will it take for her balance to double?

□ \$2,200 balance on credit card

□ 18% interest rate

$$\frac{72}{18\%} = 4 \text{ years to double debt}$$

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ANOTHER EXAMPLE

□ \$6,000 balance on credit card

□ 22% interest rate

$$\frac{72}{22\%} = 3.3 \text{ years to double debt}$$

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JACOB'S CAR

Jacob currently has \$5,000 to invest in a car after graduation in 4 years. What interest rate is required for him to double his investment?

☐ \$5,000 to invest
☐ Wants investment to double in 4 years

$$\frac{72}{4 \text{ years}} = 18\% \text{ interest rate}$$

ANOTHER EXAMPLE

☐ \$3,000 to invest
☐ Wants investment to double in 10 years

$$\frac{72}{10 \text{ years}} = 7.2\% \text{ interest rate}$$

RHONDA'S TREASURY NOTE

Rhonda is 22 years old and would like to invest \$2,500 into a US Treasury Note earning 7.5% interest. How many times will Rhonda's investment double before she withdraws it at age 70?

Age	Investment
22	\$2,500
31.6	\$5,000
41.2	\$10,000
50.8	\$20,000
60.4	\$40,000
70	\$80,000

$\frac{72}{7.5\%} = 9.6 \text{ years to double investment}$

ANOTHER EXAMPLE

☐ \$500 invested at age 18
☐ 7% interest
☐ How many times will investment double before age 65?

$$\frac{72}{7\%} = 10.2 \text{ years to double investment}$$

Age	Investment
18	\$500
28.2	\$1,000
38.4	\$2,000
48.6	\$4,000
58.8	\$8,000
69	\$16,000

TAXES

A person can choose to invest into two types of accounts:

☐ **Taxable Account** – taxes charged to earned interest
☐ **Tax Deferred Account** – taxes are not paid until the individual withdraws the money from the investment

TAXES EXAMPLE

George is in the 33% tax bracket. He would like to invest \$100,000. George is comparing two accounts that have a 6% interest rate. The first is a taxable account charging interest earned. The second account is tax deferred until he withdraws the money. Which account should George invest his money into?

EFFECTS OF TAXES

Tax Deferred Account		Taxable Account	
Earning 6% after taxes		Earning 4% after taxes	
72	= 12 years to double investment	72	= 18 years to double investment
6%		4%	

Years	Taxable	Tax Deferred
12		\$200,000
18	\$200,000	
24		\$400,000
36	\$400,000	\$800,000

CONCLUSION

☐ The Rule of 72 can tell a person:

- How many years it will take an investment to double at a given interest rate using compounding interest;
- How long it will take debt to double if no payments are made;
- The interest rate an investment must earn to double within a specific time period;
- How many times money (or debt) will double in a specific time period.

CONCLUSION CONTINUED

☐ Things individuals must remember about the Rule of 72 include:

- Is only an approximation
- The interest rate must remain constant
- The equation does not allow for additional payments to be made to the original amount
- Interest earned is reinvested
- Tax deductions are not included within the equation

Types of Accounts

403(b)	401(k)	IRA a.k.a Individual Retirement Account	IRA	Mutual Fund	Diversification
Description:	Description:	Description:	Description:	Description:	Description:
Age to withdrawal without penalty:	Age to withdrawal without penalty:	Age to withdrawal without penalty:	Age to withdrawal without penalty:	Bonds	"Not putting all your eggs in one basket"
Maximum amount of \$ to put into account:	Maximum amount of \$ to put into account:	Maximum amount of \$ to put into account:	Maximum amount of \$ to put into account:	Description:	
		Main difference between IRA and ROTH IRA:		Stocks: Description:	

RULE OF 72

Name _____

Date _____

	Total Points Earned
	Total Points Possible
	Percentage

Directions: Use the "Rule of 72" to answer the following questions.

- How long will it take the following investments to double? (9 points)
Round answers to two decimal places.

Investment	Interest Rate	Years to Double
Money Market Mutual Fund	3.1%	
Small Company Stock	12.6%	
3 year Certificate of Deposit	2.8%	
5 year Certificate of Deposit	5.1%	
Large Company Stock	11.3%	
Government Bond	5.3%	
Treasury Bills	3.8%	
Money Market Account	2.6%	
Savings Account	2.3%	

- Jenny has a \$3,000 balance on her credit card with an 18% interest rate. If she makes no payments on her card and no late fees were charged how long will it take for her debt to double? (1 point)
- What if Jenny's APR was 22% and she makes no payments on her card and no late fees were charged? (1 point)
- Tanner has invested \$500 for college. What rate of return must Tanner earn for his investment to double in 4 years? (1 point)



12

Chad Foster Video Notes:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

Most Valuable thing I Learned:

Guest Speaker Notes:

Remember:

"The HIGHER the RISK, the HIGHER the RETURN
The LOWER the RISK, the LOWER the RETURN"

Alexander, Who Used to Be Rich Last Sunday

By Judith Viorst

As we read this story together answer the questions below.

1. What were some of the options or suggestions that Alexander was given on what to do with his dollar?
 - a.
 - b.
 - c.
 - d.
2. What did Alexander actually do with his money?
 - a.
 - b.
 - c.
 - d.
 - e.
 - f.
 - g.
 - h.
 - i.
 - j.
3. How did Alexander feel after all his money was gone?
4. In your opinion, what did Alexander do wrong?
5. In what ways have you been like Alexander? Give specific examples.

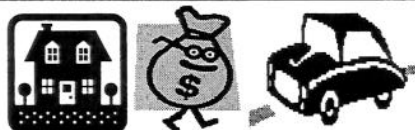
Name: _____ Period: _____

UNIT 5

Financial Literacy

Housing/Automobile/Consumerism Unit

Due: _____



Securing a Living Space Quiz-----	___/14
Renting vs. Owning a Home-----	___/24
Housing Comparison-----	___/37
Terms Involved in Renting-----	___/14
Reading Living Space Advertisements-----	___/18
Mortgages-----	___/15
Mortgage Terms-----	___/5
Automobile Loans-What do I need to know-----	___/30
Calculate the Cost of a Loan-----	___/24
Shopping for an Auto Loan-----	___/35
Decision Making-----	___/20
Consumer Law Notes-----	___/15
Consumer Research Report-----	___/40
Case Studies-----	___/10
Planned Spending-----	___/5
Reverse Psychology-----	___/5
Unit Pricing Notes-----	___/15
Article: Food Fight-----	___/20
Test Your Supermarket IQ-----	___/5
Terms that will help you be a better grocery shopper-----	___/12
Store vs. Name Brand Comparison-----	___/30

Total Points-----/393

****Place in order behind this page to turn in as a complete packet****

Points or point value subject to change ☺

SECURING A LIVING SPACE QUIZ

	Total Points Earned
14	Total Points Possible
	Percentage

Name _____

Date _____

Directions: Circle the correct term after reading the definition at each station. Each question is worth 2 points.

Question #1

- a) Renter
- b) Property manager
- c) Landlord

Question #2

- a) Written agreement
- b) Lease agreement
- c) No-lease agreement

Question #3

- a) Written agreement
- b) Lease agreement
- c) No-lease agreement

Question #4

- a) Written agreement
- b) Lease agreement
- c) No-lease agreement

Question #5

- a) Application form
- b) Credit report
- c) Rental agreement

Question #6

- a) Rental payment
- b) Damage Fee
- c) Security deposit

Question #7

- a) Rental payment
- b) Damage Fee
- c) Security Deposit



FAMILY ECONOMICS AND FINANCIAL EDUCATION

RENTING VS. OWNING

Housing is the largest of the four major personal expenditures (housing, food, transportation, and insurance). In most spending plans, it accounts for one-third of a person's income each month. Many varieties of housing are available. The type of housing one chooses will depend on goals, values, needs, and wants. When searching for housing options, a person must decide whether to rent or purchase a place to live. Deciding whether to rent or own requires research, exploration, and priority of needs and wants.

A housing decision should be based on an analysis of one's financial status. A person may discover it is more practical to rent depending on financial resources, where the person lives, and how long he/she expects to reside in one place.

Before choosing a place to live, calculate how much can be afforded for housing expenses according to income, debts, and other expenses in one's personal budget. Research must be done to help make the decision as to whether renting or buying makes the most sense.

Reasons for Making a Housing Choice



People choose to rent or buy a home for many different reasons based upon their situation. There are many aspects to consider:

- ♦ Personal and financial goals;
- ♦ Personal values, needs, and wants;
- ♦ Amount of money available for housing costs;
- ♦ Financial resources and readiness;
- ♦ Credit history;
- ♦ Real estate prices;
- ♦ Location preference;
- ♦ Expected length of stay in a particular place.

Comparison of Expenses

One factor people use to decide to rent or own is the difference in expenses between the two options. Individuals have to live in a place they can afford, and although there are other factors to consider, cost is a major factor. Below is a comparison of expenses associated with each.

Renting

- ♦ Monthly rent;
- ♦ Security deposit;
- ♦ Utilities— electricity, water, garbage, etc.;
- ♦ Renter's insurance.

Owning

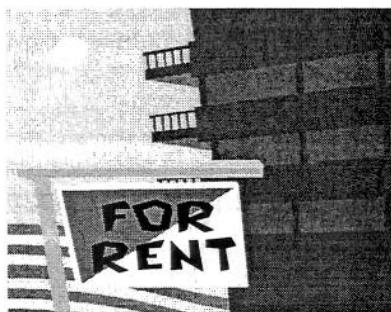
- ♦ Monthly mortgage payments;
- ♦ Down payment (one time cost);
- ♦ Closing costs (one time cost);
- ♦ Utilities-electricity, water, and garbage;
- ♦ Homeowners insurance;
- ♦ Real estate property taxes;
- ♦ Maintenance.

Housing accounts for about one-third of a person's monthly income



Renting

Rent is the cost of using someone else's property. Examples of property choices include apartments, condos, houses, mobile homes, etc. A tenant, or renter, is a person who rents the property. Tenants are generally people who either cannot afford home ownership or have chosen not to purchase a home. The owner of the rental property is the landlord. The landlord may act as a property manager or hire an agent to perform the management duties. A property manager's duties may include collecting rent and deposits, paying utility bills, performing repairs and maintenance, watching over the property, responding to tenant complaints, and assigning new tenants. The property manager may charge a fee to the landlord to perform the management tasks.



Why rent an apartment?

Advantages of renting include:

- ◆ Low move-in costs;
- ◆ Fixed monthly expenses;
- ◆ Easy to move;
- ◆ Location choices (may be close to work or school);
- ◆ Less maintenance and repair;
- ◆ Fewer responsibilities;
- ◆ May offer extra amenities such as a tennis court or pool;
- ◆ Less expensive than home ownership;
- ◆ May be able to save for other wants or needs if renting a less expensive apartment;
- ◆ Other expenses may be included in rent payment including electricity, water, sewer, and/or garbage.

Disadvantages of renting include:

- ◆ Subject to terms of a lease;
- ◆ Rent may change with little notice;
- ◆ Less privacy and transient neighbors;
- ◆ Restrictions on noise level and/or pets;
- ◆ Fewer opportunities to upgrade apartment (for example new carpet, paint, or wallpaper);
- ◆ When leaving a property, no equity is returned as it would be if selling a home;
- ◆ No tax deductions;
- ◆ May lose rental if the property is sold.



Security Deposits

When moving into a new place, people are usually required to pay a security deposit and sign a lease. A security deposit is an advance payment to cover anything beyond normal wear and tear on the unit. This deposit may be returned to the tenant when the unit is left in good condition.

Leases

A lease is a legal contract between the tenant and the landlord specifying the responsibilities and rights of both parties. Lease agreements identify the rent amount, security deposit amount and details on items such as: payment for utility bills, late payment penalties, length of lease, and eviction terms.



Owning

Home ownership means the buyer has purchased a housing unit as property. Home ownership protects hard-earned dollars from taxation, builds wealth, and helps to provide security in retirement. Approximately two out of three American families own the homes in which they live. Many renters would prefer to own, but cannot afford the necessary down payment or the costs of ownership. Aside from just having a place to live, owning a home is an investment. This is an investment because if a person sells a home for more than what it was bought for, that person makes money. This is called equity.



HOME

PURCHASING

Buying a home is expensive and few people can write a check to pay for it. Most people use a mortgage to buy their home. A mortgage is a home loan in which the home is the collateral. Collateral is an item promised to the lender if the borrower does not pay back the loan. Collateral is usually the item that was purchased with the borrowed funds. Ninety percent of buyers use a mortgage to purchase a home. The three main components to a mortgage are the *amount borrowed*, the *interest rate*, and the *length of the loan*. The amount of money borrowed for the loan depends on size of the down payment and the price of the home. The recommended purchase price an individual should pay for a home is 2 ½ times their gross annual income. A down payment is the amount of money paid on the home at the time of purchase. The larger the down payment, the smaller the amount borrowed and the smaller the monthly payment. A down payment is typically 10 – 20% of the purchase price of the home. The typical length of a loan is thirty years, but this may vary.

Why purchase a home?

Advantages of home ownership include:

- ♦ Build equity which can be borrowed against if necessary;
- ♦ Pride of ownership;
- ♦ Feel more comfortable and have more privacy;
- ♦ Stable mortgage payments;
- ♦ More room and storage;
- ♦ Improvement of buyer's credit rating;
- ♦ Income tax deductions for property taxes and mortgage interest;
- ♦ Property may increase in value;
- ♦ Free to make home improvements and have pets (items typically not allowed in rentals).

Disadvantages of home ownership:

- ♦ Large down payment;
- ♦ Move-in costs;
- ♦ Insurance costs;
- ♦ Property may decrease in value;
- ♦ Time, money, and energy commitment;
- ♦ Repair and maintenance costs;
- ♦ Property taxes can raise substantially;
- ♦ Money is tied up in the home;
- ♦ May take several months to sell a home if trying to relocate.

The benefit of Biweekly Payments

Biweekly Mortgage Program

Home Mortgage Services

Phone (800) 251-1315

Client :	Sample Only	Total Monthly Payment :	\$1,000.00
Mortgage Amount :	\$100,000	BMP Split Pay Debit Amount :	\$502.95
Original Interest Rate :	7%	Optional Additional Payment Amount :	\$25.00
Term of Loan :	360 Months	BMP Split Pay Plus Debit Amount :	\$527.95

Years	Mortgage Balance		Equity Buildup		BMP Difference	BMP Split Pay Plus
	Current	BMP Split Pay	Current	BMP Split Pay		
1	\$98,984	\$97,966	\$1,016	\$2,034	\$1,018	\$97,296
2	\$97,895	\$95,785	\$2,105	\$4,215	\$2,109	\$94,396
3	\$96,727	\$93,447	\$3,273	\$6,553	\$3,280	\$91,286
4	\$95,474	\$90,939	\$4,526	\$9,061	\$4,535	\$87,952
5	\$94,131	\$88,251	\$5,869	\$11,749	\$5,880	\$84,377
6	\$92,691	\$85,368	\$7,309	\$14,632	\$7,323	\$80,543
7	\$91,147	\$82,276	\$8,853	\$17,724	\$8,871	\$76,433
8	\$89,491	\$78,961	\$10,509	\$21,039	\$10,530	\$72,025
9	\$87,715	\$75,406	\$12,285	\$24,594	\$12,309	\$67,298
10	\$85,811	\$71,595	\$14,189	\$28,405	\$14,216	\$62,230
11	\$83,769	\$67,507	\$16,231	\$32,493	\$16,262	\$56,795
12	\$81,580	\$63,125	\$18,420	\$36,875	\$18,456	\$50,967
13	\$79,233	\$58,425	\$20,767	\$41,575	\$20,808	\$44,718
14	\$76,716	\$53,386	\$23,284	\$46,614	\$23,330	\$38,018
15	\$74,016	\$47,982	\$25,984	\$52,018	\$26,034	\$30,833
16	\$71,122	\$42,188	\$28,878	\$57,812	\$28,934	\$23,128
17	\$68,019	\$35,975	\$31,981	\$64,025	\$32,043	\$14,867
18	\$64,691	\$29,313	\$35,309	\$70,687	\$35,378	\$6,008
19	\$61,122	\$22,169	\$38,878	\$77,831	\$38,953	PAID OFF
20	\$57,296	\$14,509	\$42,704	\$85,491	\$42,787	
21	\$53,193	\$6,295	\$46,807	\$93,705	\$46,898	
22	\$48,793	PAID OFF	\$51,207	\$100,000	PAID OFF	
23	\$44,076		\$55,924			
24	\$39,017		\$60,983			
25	\$33,593		\$66,407			
26	\$27,776		\$72,224			
27	\$21,539		\$78,461			
28	\$14,852		\$85,148			
29	\$7,680		\$92,320			
30	\$0		\$100,000			

	Current Mortgage	BMP Split Pay	BMP Split Pay Plus
Mortgage Term :	30.0 Years	21.8 Years	18.7 Years
Interest Savings :	None	\$44,358	\$59,923
Total Interest :	\$139,502	\$95,144	\$79,579
Gross Payments Saved :	None	99	136
Equivalent Interest Rate :	7%	5.086%	4.367%
Average Yearly Interest Savings :	None	\$2,039	\$3,210
Average Monthly Interest Savings :	None	\$170	\$268

These figures, while not guaranteed, should serve as a savings estimate based on present loan information. Actual figures will vary based on any applicable changes in loan data such as: Payment amount changes, interest rate changes, escrow adjustments, and the timing and amount of any additional principal.

RENTING VS. OWNING A HOME

Name _____

Date _____

	Total Points Earned
24	Total Points Possible
	Percentage

Directions: Answer the following questions based upon the renting vs. owning information.

1. Housing is approximately _____ of a person's income. (1 point)
2. What is renting? (1 point)
3. Who is the landlord? (1 point)
4. When moving into a rental, what two things are people usually required to do? (2 points)
5. What are three costs of renting? (3 points)
6. Complete the chart below by listing three advantages and disadvantages of renting. (6 points)

Advantages of Renting	Disadvantages of Renting
1. _____	1. _____
2. _____	2. _____
3. _____	3. _____

7. How much is usually paid at the time of a home purchase? (1 point)
8. What are three costs of ownership? (3 points)
9. Complete the chart below by listing three advantages and disadvantages of ownership. (6 points)

Advantages of Ownership	Disadvantages of Ownership
1. _____	1. _____
2. _____	2. _____
3. _____	3. _____



HOUSING COMPARISON

Name _____

Date _____

	Total Points Earned
37	Total Points Possible
	Percentage

Directions: Read the scenarios for a renter and a potential home buyer. Find advertisements for two rental units and two homes for sale and attach copies. Compare the two ads to each other by completing the charts and answering the questions. A minimum of seven criteria must be completed for each advertisement. *You can use deseretnews.com or any newspaper online*

Rental Units

Scenario #1: Carrie, Martha, and Ally are looking for a place to rent for the school year starting in two months. Martha has a cat and they would prefer three bedrooms and two bathrooms. (14 points)

	Advertisement #1	Advertisement #2
Date published:		
Newspaper or Web site:		
Define any abbreviations included in the ad:		
Monthly rent:		
Upfront costs:		
Expenses covered by the rent:		
Expenses not covered by the rent:		
Advantages of the property include:		
Disadvantages of the property include:		
Restrictions on the property: (pet owners, smokers, etc.)		

1. Choose one of the two apartments which best fits the needs of the scenario. State three reasons why. (4 points)



Homes for Sale

Scenario #2: Bob and Mary are newlyweds. They work full time, have no children, and seem to have many of their friends and family coming to visit often. They would like to buy a home. Bob's annual income is \$35,000 and Mary's annual income is \$19,000. (14 points)

	Advertisement #1	Advertisement #2
Date published:		
Newspaper or Web site:		
Price of the property:		
Calculate the estimated down payment:		
Location of the property:		
Define any abbreviations included in the ad:		
Advantages of the property include:		
Disadvantages of the property include:		
Restrictions on the property:		

2. What is the maximum amount Bob and Mary should pay for a home? (1 point)
3. Choose one of the two houses which best fits the needs of the scenario. State three reasons why. (4 points)



TERMS INVOLVED IN RENTING

	Total Points Earned
14	Total Points Possible
	Percentage

Name _____

Date _____

Directions: Write the answers in the blanks provided for the questions below, and circle the answer in the puzzle. Each question is worth 2 points.

R Q A Z E D L C C O N D O M I N I U M S
 E E R F V T E G B Y H N U R J M I K O E
 S L N O L E R S E P Q A Z W A S X E D C
 I C R S F V S T G B Y H N U J L M I K U
 D O L P P Q E A Z W S X E D C R F V T R
 E G T E N A N T J M P I K O L P Q A Z I
 N W S N X E D C R F R O O M S V T G B T
 C Y H D N U J M I K O O L P Q A Z W S Y
 E X E I D C R M F V P T G B Y H N U J D
 H M I N K O H O U S E S D L P Q A Z W E
 A S X G E D C B R F R V T U G B Y H N P
 L U J P M I K I O L T P Q A P Z W S X O
 L E D L C R F L V T Y G B Y H L N U J S
 S M I A K O L E P Q M A Z W S X E E D I
 C R F N V T G H B Y A H N U J M I X K T
 O L P C Q A Z O W S N X E D C R F V E T
 G B Y O H N U M J M A P A R T M E N T S
 I K W R I T T E N O G L P Q A Z W N X E
 D C R M F V T S G B E Y H N U J M I T O
 L P Q A L A N D L O R D R G N I S U O H

- Payment made in exchange for occupying another's land or property is called _____.
- A person who works for the owner in regards to finding and screening tenants, collecting rent, maintaining the property, securing the property, and responding to tenant's needs and complaints is called a _____.
- Single housing units usually surrounded by a yard are called _____.
- Sets of rooms on one floor of a building used as separate residences are called _____.
- Manufactured houses that are capable of being moved from one location to another are called _____.
- Single apartments in a multiple housing structure that can contain multiple stories, garages, yards, and other amenities are called _____.
- Houses composed of two apartments situated side by side are called _____.
- Private spaces located within another structure such as a house, hotel, or other facility are called _____.
- Buildings usually located on college and university campuses that include a shared room are usually available during school semesters are called _____.
- Money paid in advance of moving into a living space to the landlord or property manager to be used for repairs or damage done to the space beyond the normal wear and tear expected is called a _____.
- A financial statement that helps assist in money management and aids in tracking income and expenses is called a _____.
- A person who rents the property is called a renter or a _____.
- Rent can be paid to the property manager or to the _____.
- _____ is the greatest expense when considering the four major areas of expenditures.



READING LIVING SPACE ADVERTISEMENTS

	Total Points Earned
18	Total Points Possible
	Percentage

Name _____

Date _____

Directions: Below are sample living space advertisements found in newspapers. Read each ad and decipher what the abbreviations mean based on the information in the lesson plan. Describe each living space on the lines provided in full detail.

1. SUNLIGHT AVENUE

3BR/2BA \$650-\$780

Newer Manufactured home. W/D hookups, water pd. Off street parking. Great Loc. NP

Peak Property and Rental Company 586-9754

This living space offers: (5 points)

2. 1 BR, 1 BA. Near schools and downtown.

Gas FP. AC. Water/ trash pd. NS.

\$650 + deposit.

Call 599-1234

This living space offers: (6 points)

3. 402 N 19TH 2BR/1BA \$675/MO. Nice home in duplex.

Attached single garage. W/D included.

N/S, N/P. W/S/G pd.

Aspen Rentals

452-9873

This living space offers: (7 points)



Types **Mortgages**

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Notes from Guest Speaker

Mortgage Vocabulary

* **Adjustable rate mortgage (ARM)**

Is a mortgage in which the interest rate is adjusted periodically based on a pre-selected index. Also sometimes known as the re-negotiable rate mortgage, the variable rate mortgage or the Canadian rollover mortgage.

Adjustment interval

On an adjustable rate mortgage, the time between changes in the interest rate and/or monthly payment, typically one, three or five years, depending on the index.

* **Amortization**

Means loan payment by equal periodic payment calculated to pay off the debt at the end of a fixed period, including accrued interest on the outstanding balance.

* **Annual percentage rate A.P.R.**

Is a interest rate reflecting the cost of a mortgage as a yearly rate. This rate is likely to be higher than the stated note rate or advertised rate on the mortgage, because it takes into account points and other credit costs. The APR allows home buyers to compare different types of mortgages based on the annual cost for each loan. **Appraisal**

An estimate of the value of property, made by a qualified professional called an "appraiser". **Assessment**

A local tax levied against a property for a specific purpose, such as a sewer or street lights.

* **Balloon (payment) mortgage**

Usually a short-term fixed-rate loan which involves small payments for a certain period of time and one large payment for the remaining amount of the principal at a time specified in the contract.

Blanket Mortgage

A mortgage covering at least two pieces of real estate as security for the same mortgage.

Borrower (Mortgagor)

One who applies for and receives a loan in the form of a mortgage with the intention of repaying the loan in full.

Broker

An individual in the business of assisting in arranging funding or negotiating contracts for a client buy who does not loan the money himself. Brokers us ally charge a fee or receive a commission for their services.

* **Buy-down**

The action to pay additional discount points (buy down subsidy) to the lender in exchange for a lower interest rate. The reduced rate may apply for all or a portion of the loan term. This subsidy amount may be paid by the buyer, lender, seller or a combination of parties.

Cash Flow

The amount of cash derived over a certain period of time from an income-producing property. The cash flow should be large enough to pay the expenses of the income producing property (mortgage payment, maintenance, utilities, etc.)

Caps (interest)

Consumer safeguards which limit the amount the interest rate on an adjustable rate mortgage may change per year and/or the life of the loan.

Caps (payment)

Consumer safeguards which limit the amount monthly payments on an adjustable rate mortgage may change.

Certificate of Eligibility

The document given to qualified veterans which entitles them to VA guaranteed loans for homes, business, and mobile homes.

Certificates of eligibility may be obtained by sending DD-214 (Separation Paper) to the local VA office with VA form 1880 request for Determination of Eligibility.

* Closing

A meeting between the buyer, seller and lender or their agents where the property and funds legally change hands. Also called settlement. closing costs usually include an origination fee, discount points, appraisal fee, title search and insurance, survey, taxes, deed recording fee, credit report charge and other costs assessed at settlement. The cost of closing usually are about 3 percent to 6 percent of the mortgage amount.

Co Borrower (co signer, co mortgagor)

One who signs a mortgage contract with another party or parties and is hereby jointly obligated to repay the loan. Generally a co borrower provides some assistance in meeting the requirements of the loan, and receives a share of interest in the encumbered property.

Construction loan

A short term interim loan for financing the cost of construction. The lender advance funds to the builder at periodic intervals as the work progresses.

* Conventional loan

A mortgage not insured by FHA or guaranteed by the VA.

Credit Report

A report documenting the credit history and current status of a borrower's credit standing.

* Debt-to-Income Ratio

The ratio, expressed as a percentage, which results when a borrower's monthly payment obligation on long-term debts is divided by his or her net effective income (FHA/VA loans) or gross monthly income (conventional loans). See housing expenses-to-income ratio.

* Deed of trust

In many states, this document is used in place of a mortgage to secure the payment of a note.

* Default

Failure to meet legal obligations in a contract, specifically, failure to make the monthly payments on a mortgage.

Deferred interest:

When a mortgage is written with a monthly payment that is less than required to satisfy the note rate, the unpaid interest is deferred by adding it to the loan balance. see negative amortization

Delinquency

Failure to make payments on time. this can lead to foreclosure.

* Down Payment

Money paid to make up the difference between the purchase price and the mortgage amount. Down payments can range from 3 percent to 20 percent or more of the sales price on conventional loans.

* Earnest Money

Money given by a buyer to a seller as part of the purchase price to bind a transaction or assure payment.

Equal Credit Opportunity Act (ECOA)

Is a federal law that requires lenders and other creditors to make credit equally available without discrimination based on race, color, religion, national origin, age, sex, marital status or receipt of income from public assistance programs.

* Equity

The value an owner has in real estate over and above the obligation against the property.

* Escrow

Funds that are set aside and held in trust, usually for payment of taxes and insurance on real property. Also earnest deposits held pending loan closing.

Escrow

Refers to a neutral third party who carries out the instruction of both the buyer and seller to handle all the paperwork of settlement or closing." Escrow may also refer to an account held by the lender into which the home buyer pays money for tax or insurance payments.

Fannie Mae

see Federal National Mortgage Association.

Federal Housing Administration (FHA)

A division of the Department of Housing and Urban Development (HUD). Its main activity is the insuring of residential mortgage loans made by private lenders. FHA also sets standards for underwriting mortgages.

Federal National Mortgage Association (FNMA) also known as "Fannie Mae"

A private corporation, federally chartered to provide financial products and services that increase the availability and affordability of housing for low-, moderate-, and middle-income Americans. The largest corporation in America, Fannie Mae has \$287 billion in assets and an additional \$544 billion in Mortgage-Backed Securities outstanding. Next to the U.S. Treasury, it is often the second largest borrower in the capital markets. Fannie Mae is traded on the New York Stock Exchange (FNM) and has approximately 190,000 shareholders.

*** FHA loan**

A loan insured by the Federal Housing Administration open to all qualified home purchasers. While there are limits to the size of FHA loans (\$155,250), they are generous enough to handle moderately-priced homes almost anywhere in the country.

FHA Mortgage Insurance Premium (MIP)

An amount equal to 2.25 percent of the loan amount paid at closing or financed into the loan amount. In addition, FHA mortgage insurance requires an annual fee of 0.5 percent of the current loan amount, paid in monthly installments. The lower the down payment, the more years the fee must be paid.

*** Fixed Rate Mortgage**

The mortgage interest rate will remain the same on these mortgages throughout the term of the mortgage for the original borrower.

*** Foreclosure**

A legal process by which the lender or the seller forces a sale of a mortgaged property because the borrower has not met the terms of the mortgage. Also known as a repossession of property.

Foreclosure

A legal procedure in which property securing debt is sold by the lender to pay the defaulting borrower's debt.

Freddie Mac

see Federal Home Loan Mortgage Corporation

Ginnie Mae see Government National Mortgage Association.

*** Graduated Payment Mortgage (GPM)**

A type of flexible-payment mortgage where the payments increase for a specified period of time and then level off. This type of mortgage has negative amortization built into it.

Guaranty

A promise by one party to pay a debt or perform an obligation contracted by another if the original party fails to pay or perform according to a contract.

Hazard Insurance (Homeowners Insurance)

A form of insurance in which the insurance company protects the insured from specified losses, such as fire, windstorm and the like.

Housing Expenses-to-Income Ratio

The ratio, expressed as a percentage, which results when a borrower's housing expenses are divided by his/her gross monthly income. See debt-to-income ratio.

Impound

That portion of a borrower's monthly payments held by the lender or servicer to pay for taxes, hazard insurance, mortgage insurance, the payments, and other items as they become due. Also known as reserves.

Loan Mortgage Corporation. Because jumbo loans cannot be funded by these two agencies, they usually carry a higher interest rate.

* **Lien**

A claim upon a piece of property for the payment or satisfaction of a debt or obligation.

* **Loan-to-Value Ratio**

The relationship between the amount of the mortgage loan and the appraised value of the property expressed as a percentage.

Margin

The amount a lender adds to the index on an adjustable rate mortgage to establish the adjusted interest rate.

Market Value

The highest price that a buyer would pay and the lowest price a seller would accept on a property. Market value may be different from the price a property could actually be sold for at a given time.

MIP: Mortgage Insurance Premium

A monthly premium paid by the homeowner in addition to the Up Front MIP that is generally financed. The monthly mortgage insurance is equal to the mortgage amount multiplied by .005 divided by 12. ($\$100,000 \times .005 / 12 = \41.67 per month)

* **Mortgage Insurance**

Money paid to insure the mortgage when the down payment is less than 20 percent. See private mortgage insurance, FHA mortgage insurance.

Mortgagee

lender

Mortgagor

The borrower or homeowner

Negative Amortization

Occurs when your monthly payments are not large enough to pay all the interest due on the loan. This unpaid interest is added to the unpaid balance of the loan. the danger of negative amortization is that the home buyer ends up owing more than the original amount of the loan.

Net Effective Income

The borrower's gross income minus federal income tax.

Non Assumption Clause

A statement in a mortgage contract forbidding the assumption of the mortgage without the prior approval of the lender.

Note

The signed obligation to pay a debt, as a mortgage note.

* **Origination Fee**

The fee charged by a lender to prepare loan documents, make credit checks, inspect and sometimes appraise a property; usually computed as a percentage of the face value of the loan.

Permanent Loan

Long term mortgage, usually ten years or more. Also called an "end loan."

* **PITI**

Principal, Interest, Taxes and Insurance. Also called monthly housing expense.

Pledged account Mortgage (PAM):

Money is placed in a pledged savings account and this fund plus earned interest is gradually used to reduce mortgage payments.

Points (loan discount points)

Prepaid interest assessed at closing by the lender. Each point is equal to 1 percent of the loan amount (e.g., two points on a \$100,000 mortgage would cost \$2,000).

Prepaid Expenses

Necessary to create an escrow account or to adjust the seller's existing escrow account. Can include taxes, hazard insurance, private mortgage insurance and special assessments.

Prepayment

A privilege in a mortgage permitting the borrower to make payments in advance of their due date.

Prepayment Penalty

Money charged for an early repayment of debt. Prepayment penalties are allowed in some form (but not necessarily imposed) in 36 states and the District of Columbia.

Primary Mortgage Market

Lenders making mortgage loans directly to borrower's such as savings and loan association, commercial banks, and mortgage companies. These lenders sometimes sell their mortgages into the secondary mortgage markets such as to FNMA or GNMA, etc.

*** Principal**

The amount of debt, not counting interest, left on a loan.

Private Mortgage Insurance (PMI)

In the event that you do not have a 20 percent down payment, lenders will allow a smaller down payment - as low as 3 percent in some cases. With the smaller down payment loans, however, borrowers are required to carry private mortgage insurance which is generally paid monthly, and obtained by the lender through a Private Mortgage Insurance Company (GE, MGIC, United Guarantee, Amerin, PMI, etc).

Realtor®

A real estate broker or an associate holding active membership in a local real estate board affiliated with the National Association of Realtors.

Recording Fees

Money paid to the lender for recording a home sale with the local authorities, thereby making it part of the public records.

Refinance

Obtaining a new mortgage loan on a property already owned. Often to replace existing loans on the property.

*** Second Mortgage**

A mortgage made subsequent to another mortgage and subordinate to the first one.

Secondary Mortgage Market

The place where primary mortgage lenders sell the mortgages they make to obtain more funds to originate more new loans. It provides liquidity for the lenders. security.

Simple Interest

Interest which is computed only on the principle balance.

Survey

A measurement of land, prepared by a registered land surveyor, showing the location of the land with reference to known points, its dimensions, and the location and dimensions of any buildings.

*** Sweat Equity**

Equity created by a purchaser performing work on a property being purchased. term mortgage see balloon payment mortgage.

* **Title**
A document that gives evidence of an individual's ownership of property.

* **Title Insurance**
A policy, usually issued by a title insurance company, which insures a home buyer against errors in the title search. The cost of the policy is usually a function of the value of the property, and is often borne by the purchaser and/or seller.

Title Search

An examination of municipal records to determine the legal ownership of property. Usually is performed by an attorney or title company.

Truth-In-Lending

A federal law requiring disclosure of the Annual Percentage Rate and other loan terms to home buyers within 72 hours of loan application per regulation Z.

* **Underwriting**
The decision whether to make a loan to a potential home buyer based on income, assets, credit, collateral and other factors and the matching of this risk to an appropriate rate and term or loan amount.

Verification of Deposit (VOD)

A document signed by the borrower's financial institution verifying the status and balance of his/her financial accounts. This document is generally not needed if recent bank statements are available.

Verification of Employment (VOE)

A document signed by the borrower's employer verifying his/her position and salary. This document is generally not needed if recent pay stubs are available.

Warehouse Fee

Many mortgage firms must borrow funds on a short term basis in order to originate loans which are to be sold later in the secondary mortgage market (or to investors). When the prime rate of interest is higher on short term loans than on mortgage loans, the mortgage firm has an economic loss which is offset by charging a warehouse fee.

FAMILY ECONOMICS & FINANCIAL EDUCATION

RESEARCHING AN AUTOMOBILE

TRANSPORTATION



Transportation is a part of everyday life. It comprises about 15-20% of an individual's budget. Individuals need to assess and research their transportation needs. If this means

purchasing an automobile, it should be well planned. Often, the automobile is the second most expensive durable good purchased, coming only after a home.

Consumers often make a common mistake when they purchase a vehicle based upon what looks good instead of assessing long term costs (gas mileage, insurance, etc.) and practicality. Consumers may think their vehicle choice is a symbol of prestige and/or importance instead of choosing an affordable and practical vehicle. In order to avoid making this costly mistake, consumers should understand their needs versus wants before purchasing a vehicle.



THE PLANNED BUYING PROCESS

A consumer should avoid impulse buying. **Impulse buying** is making a purchase without fully considering priorities and alternatives. This can be avoided by following the steps of planned buying.



1. Prioritizing wants
2. Pre-shopping research
3. Fitting the budget
4. Comparison shopping
5. Negotiating
6. Making the decision
7. Evaluating the decision



STEP 1—PRIORITIZING WANTS

A **need** is something thought to be a necessity. A **want** is something unnecessary but desired. Before a consumer tries to buy a vehicle, they must assess their transportation needs and wants. In terms of automobiles, considering all options as wants and prioritizing those wants from low-priority to high-priority will benefit the consumer. Prioritizing wants helps the consumer to consider the costs and benefits of different vehicle options and also helps consumer to consider the "big picture" of the vehicle purchase rather than a specific want (such as heated seats, color, engine size, etc).

Consumers need to think about the following questions when prioritizing wants in a vehicle:

- ⇒ How will the vehicle be used?
- ⇒ Where will I be living?
- ⇒ How will the vehicle be stored or parked the most?
- ⇒ How much will it be driven?
- ⇒ What options would I like in the vehicle?



STEP 2—PRE-SHOPPING RESEARCH

Research can be performed before working with a car dealership or salesman. This helps the consumer to be informed about what they want, vehicles in their price range, and available options. Research can be performed the following ways:

Family and Friends –

Ask family and friends about experiences with different makes and models of different vehicles, which vehicles they like or dislike, and their recommendations.



Periodicals –

Many consumer publications are available with reports on cars and trucks. The public library is a good place to access this information.

- Consumer Reports - <http://www.consumerreports.org>
You must subscribe to use this Web site. Automobile information can be found in the most recent April issue.
- Federal Citizen Information Center - <http://www.pueblo.gsa.gov>
- Kelley Blue Book - <http://www.kbb.com>
- Motor Trend - <http://www.motortrend.com>
- Car and Driver - <http://www.caranddriver.com>

What Price Did the Dealer Pay?

It is in the consumer's best interest to discover how much a dealer paid for a vehicle. This helps to determine which vehicles to consider and to negotiate a fair price. This information can be obtained from Consumer Reports on their Web site at www.consumerreports.org. There is a charge to use the automobile research tools on the Consumer Reports Web site, so it may be best to narrow the search down prior to paying for the use this research tool. The costs may also be found in Kiplinger's Personal Finance magazine (December issue) and Edmund's New Car Prices, which may be available for free at a public library.

Vehicle Options

Many different types of vehicles are available. Items to research when pre-shopping include:

Price—

Base price – price of vehicle with standard equipment, no extra options

MSRP – manufacturer's suggested retail price, includes base price, the price of options installed by manufacturer, and their transportation charge

Sticker price – dealer's initial asking price

General type of vehicle – car, truck, 2-door, 4-door, sporty, SUV, etc.

Makes and models – Ford Taurus, Honda Accord, etc.

Safety – braking and emergency handling, airbags, etc.

Reliability – a reliable car will have a history of few repairs over the lifetime of the car. Some specific models are known for their reliability and may be more expensive, but will have fewer repair costs

Fuel economy – miles driven per gallon of gas used, larger or more powerful vehicles may use more gas

Power and performance – where and for what will it be driven (highway, steep hills, mountains, in a city, snowy conditions, muddy roads, etc.)

Comfort and convenience – amount of headroom and legroom, cargo space, etc.

Insurance – the vehicle chosen will affect the price of insurance, call an insurance agent for the vehicles being contemplated to get a quote

Other options – power steering and brakes, manual or automatic, air conditioner, rear-window defogger, radio/tape player/CD player, type of tires, cruise control, power door locks, power windows, sun roof, heated seats, etc.

Three places a person can purchase a vehicle are from a dealer, from a private owner, or off of the internet. Regardless of where a vehicle is purchased, the consumer needs to decide whether to purchase new or used. Here are some considerations of new and used vehicles.

New Vehicles—

*Not pre-owned

*Warranty

*Expensive

*Manufacturers options

*Wide selection

***Depreciation** - loss in the vehicle's value due to time and use; greatest cost of owning an auto; largest auto fixed expense; federal tax guidelines assume a vehicle depreciates 52% during the first two years of an expected lifespan of five years.



Used Vehicles—

*Cost less to buy

*Less to insure

*Wide selection

*May offer warranty

*Avoid rapid depreciation

*Returned leased cars (may be a few years old good condition relatively low prices)

*Have an independent mechanic inspect any used vehicle before buying

STEP 3—FITTING THE BUDGET

"Can I afford it?" The amount a consumer can afford in his/her budget will dictate the price of the vehicle. The price of the car is not the only cost associated with a vehicle purchase. Fixed expenses include depreciation (the loss in the vehicle's value due to time and use), insurance costs, loan payments and interest if the vehicle was financed, parking fees, licensing, and registration. Flexible expenses include gas, oil, maintenance, and repairs. All costs must be taken into consideration before choosing to buy a vehicle because they will affect the consumer's budget.



STEP 4—COMPARISON SHOPPING

Comparison shopping is the comparing of services or products to determine the best buy or quality product at a fair price. As the price of a vehicle increases, consumers are often not buying additional safety, capacity, or power, but instead style and prestige. Comparison shopping allows the consumer to build upon the information learned in the pre-shopping research. First, the consumer should narrow his/her choices to a few specific makes and models with desired options. Then he/she should visit the appropriate store to learn more information about each option to make comparisons. The consumer should inquire about price, dealer incentives, rebates, financing options, leasing, warranties, and service contracts. Test drive each potential vehicle. The goal of comparison shopping is to narrow the choice to one or two vehicles so the consumer can negotiate the best deal.

STEP 5—NEGOTIATING

Negotiating is the process of determining the actual terms of the purchase and agreement between the seller and the buyer. A firm price of the vehicle should be obtained before discussing any other aspects including a trade-in. Compare prices from many different dealers and let them know you have done your research and whether their price is too high. The two keys to all negotiations are (1) be able to say 'no' and (2) take the business to another dealership. Do not be persuaded into terms which are unsatisfactory and do not match predetermined wants.

STEP 6—MAKING THE DECISION



The best place to decide on which vehicle to purchase is not at the dealership's showroom. It is best to take the information home to compare all options. Then after making a decision on which vehicle to purchase, return to the dealer to close the sale.

STEP 7—EVALUATING THE DECISION

The last step is to evaluate the decision and purchase. The consumer should think about the things which went well and what did not. This evaluation will help the next time the consumer makes a similar purchase. If the process was successful and the consumer is happy with the seller, compliment them. However, if the consumer has a complaint about the process and/or purchase, make the complaint to the seller and then move to the supervisor if necessary.

LEMON LAWS

A vehicle is a lemon when it is in and out of the repair shop with problems monthly. All states have enacted lemon laws pertaining to new-car sales and service, but the specifics vary from state to state. The lemon laws are in place to protect consumers. To fall under the lemon law, the new vehicle must have a substantial defect which cannot be fixed in a reasonable time. If the defect remains unfixed after four repair attempts or the vehicle remains in the repair shop for a total of 30 days, it would qualify as a lemon. This allows the consumer the right to a refund or a new vehicle. If a consumer feels they have purchased a lemon, they should contact the state's attorney general office to request information on the state's lemon laws and how to use the law in their case.



Kelley Blue Book
The Trusted Resource
kbb.com

If trading in a used car or looking at purchasing one, consumers should check the blue book price, which is the dollar value given to the vehicle based on its year and model. This price is used as a guide for car dealers and banks for pricing trade-ins. The most common place to find this is the Kelly Blue Book (www.kbb.com).



HOW TO BUY A USED CAR

Things You Should Know:

- A used car is usually cheaper to buy and to insure. They keep their resale value better.
- Used cars are used cars, if you want a car without scratches and soils and without imperfections, then you want a new car rather than a used car.
- A used car may be the only car that fits into your budget.
- Always buy the smallest, newest, car that fits your needs and your budget.
- The average mileage for a car is 15,000 miles per year. Use that as a guide to see if the car you are looking at is over or under miles.
- Private seller is usually best, they want cash quick and will probably bargain better.
- Check the NADA used Car Guides, found in libraries, banks, and insurance companies.
- Remember that little luxuries and added frills do not determine the quality.
- Buy from someone reliable that you can trust.

Where to Look for Information:

- Check Consumer Report Magazines. They will tell the trouble spots and the advantages of most makes and models. They recommend used cars to buy and to avoid.
- Check newspaper ads

Things to Ask Before Going to Look:

- Is the car registered? Inspected?
- Ask why the car is being sold.
- Has this car ever been in an accident?

Specific Things to Look For:

- Take a test drive with a friend who knows cars. Do it on a clear day, not a day that is cloudy and stormy. If they refuse to let you, then forget that car.
- Check the lights and blinkers to see they all work properly.
- Push on the brakes for one minute. If the pedal continues to sink to floor--probably a leak in the brake system.
- Check for rust spots around doors and tire wells. This is very difficult to repair and expensive.
- Check for blistered paint or peeling.
- Check to see if there are any signs of an accident such as: paint that is a little different color, trunk and hood fit just right. Doors open and close easily.
- Check wear of tires, worn evenly? Also check spare.
- Check odometer.
- Grab tires and shake back and forth, if there is play, then worn suspension joints.
- Bounce car up and down on each corner, if it keeps bouncing when you stop then bad shocks.
- Get under the car and check for rust spots or dark spots.
Check for oil or fluid under car after it has been sitting a case of leak.
- Check if runs smooth without knocks especially when accelerating.
- Check transmission. Clutch should work smooth-not grabby. Check all gears includes reverse.
- Drive on rough road, up hill, on freeway.
- Drive through puddle of water then get out and check if rear wheels follow front wheels exactly, if not then probably been in an accident.
- Go at a good speed, brake and check to see if it pulls to one side or the other.
- Take to a reliable mechanic and ask them to look it over.

Other:

- Car Rental companies often sell cars that are six months old for good prices.
- Use cars very seldom have a warranty or guarantee.

5 tips for buying that new car

1 Learn the lowest cost

Get the Consumer Reports Wholesale Price

Here's the real key to your deal: you must find out what the dealer paid for the car so you can negotiate the price you'll pay for it. You have to find out this information for yourself and you have to be sure it's up-to-date and correct!

The best way to do this is to make a quick call to the Consumer Reports New Car Price Service. You'll be glad you did. New car buyers who use the service save \$2,200 on average. For a fee of just \$12, you receive a report by fax or mail that includes:

- The Consumer Reports Wholesale Price, including current national rebates, unadvertised incentives, and holdbacks;
- The "invoice" price (provided by the manufacturer to the dealer);
- The "sticker" price (what the dealer wants you to pay);
- Invoice and sticker prices of all factory installed options and packages; CONSUMER REPORTS equipment recommendations;
- Plus solid advice on buying or leasing your new car.

Can buying a new car be less of an ordeal for you?

We think so. If you arm yourself with knowledge and an organized plan, you'll get the car you want, equipped to your liking, at a fair price.

Expert advice from
David Champion,
Director of Auto Testing
and The Consumer Reports
New Car Price Service

2 Get ready to bargain

Your homework's done. It's all there in plain English with easy-to-follow information. The Consumer Reports Wholesale Price, along with the invoice and sticker price comparisons, give you a clear understanding of your negotiating room. You're ready.

3 Start bargaining

Always bargain up from the Consumer Reports Wholesale Price, never down from the sticker price. If the car you want is in tight supply, you may have to pay the full sticker price.

4 Play the game

The advice you receive with your report takes you through the hard part, negotiating a fair price. It takes you step-by-step through the

rest of the negotiating game with professional new-car buying advice, such as...*Be wary. The dealer may try to sell you undercoating, rustproofing, fabric protection, extended warranty, windshield etching, etc. They're generally worthless or overpriced.*

5 If you have a trade-in...

Don't even mention it until you've agreed on a price for your new car. But when it's time to talk trade-in, you should know what your trade-in is worth whether you sell it privately or to a dealership. You can get that information from us too and it costs just an additional \$10.

Detailed price information from Consumer Reports New Car Price Service, an organized plan and advice on playing the game. That's how to buy a new car.

Your best source for all that help is as near as your phone. Just call the number below:

1-800-205-2445

or order online:

ConsumerReports.org/carprices/new6

David Champion, about to put a car through its paces at our state-of-the-art test facility.



For quick results

Please have the following ready when you call:

- Year, make, and model of the new car; minivan, van, sport-utility vehicle, or pickup truck you want to buy (such as 2004 Ford Taurus sedan).
- Year, make, model, and trim line of your trade-in, if you have one. (e.g. 1995 Nissan Pathfinder 4WD LE).
- Your credit card (VISA, MasterCard, Discover, or American Express).

Consumer NEW CAR
PRICE SERVICE

AUTOMOBILE LOANS – WHAT DO I NEED TO KNOW?

Name _____

Date _____

	Total Points Earned
30	Total Points Possible
	Percentage

Directions: Complete the following questions during the PowerPoint presentation.

1. What are the first and second most expensive purchases for consumers? (2 points)
2. What is a common way for consumers to purchase automobiles? (1 point)
3. Is it less expensive in the long run to purchase an automobile with cash or take out a loan? (1 point)
4. Name at least three items which can affect credit rating. (3 points)
5. What is a cosigner? What happens to a cosigner if the original borrower does not make the payments? (1 point)
6. What is a lender? Name at least four lender options. (4 points)
7. What consumer rights act requires clear disclosure of key terms and all costs in lending agreements? (1 point)
8. Name two items lenders are required by law to disclose to consumers. (2 points)



9. Define negotiated price. (1 point)
10. What is usually required to purchase an automobile and paid at the time of purchase? (1 point)
11. What variable is dependent on the down payment and/or trade-in? (1 point)
12. Define the Annual Percentage Rate (APR). (1 point)
13. What measure is the time period of an auto loan usually expressed? (1 point)
14. Define total cost of the loan. (1 point)
15. Define total purchasing cost. (1 point)
16. The larger the down payment on an automobile, the _____ the principle loan amount.
(1 point)
17. The _____ the time period of the loan, the smaller the payments, but more _____ is paid. (2 points)
18. The _____ the APR, the more interest is paid and the _____ the total loan amount. (2 points)
19. List the three variables needed to calculate the cost of a loan. (3 points)



CALCULATING THE COST OF A LOAN

Name _____

Date _____

	Total Points Earned
24	Total Points Possible
	Percentage

Directions: To practice calculating the costs involved with an automobile loan, calculate and record the principal loan amount, monthly payment, interest paid, and total purchasing cost for each example below.

Changing the Down Payment: \$7,500 negotiated price, 8% APR, 3 years

1. Example #1 – \$1,000 down payment (4 points)

Principle loan amount: _____ Interest paid: _____
 Monthly payment: _____ Total purchasing cost: _____

2. Example #2 - \$2,500 down payment (4 points)

Principle loan amount: _____ Interest paid: _____
 Monthly payment: _____ Total purchasing cost: _____

Changing the APR: \$7,500 negotiated price, \$2,500 down payment, 3 years

3. Example #3 - 8% APR (4 points)

Principle loan amount: _____ Interest paid: _____
 Monthly payment: _____ Total purchasing cost: _____

4. Example #4 - 10% APR (4 points)

Principle loan amount: _____ Interest paid: _____
 Monthly payment: _____ Total purchasing cost: _____

Changing the Time Period: \$7,500 negotiated price, \$2,500 down payment, 8%APR

5. Example #5 – 3 years (4 points)

Principle loan amount: _____ Interest paid: _____
 Monthly payment: _____ Total purchasing cost: _____

6. Example #6 – 5 years (4 points)

Principle loan amount: _____ Interest paid: _____
 Monthly payment: _____ Total purchasing cost: _____



SHOPPING FOR AN AUTOMOBILE LOAN USING WEB SITE CALCULATORS

Name _____

Date _____

	Total Points Earned
35	Total Points Possible
	Percentage

Directions: Choose an automobile to purchase. Record the year, type, and price below. Go to www.bankrate.com to research auto loans. Compare five different lenders and complete the chart below. (1 point per cell) Answer the questions below the chart.

New or used, year, type, automobile price: (4 points)

Down payment (assume 10% of negotiated price): (1 point)

Principal loan amount: (1 point)

	Lender	APR	Time Period	Monthly Payment	Interest Paid
#1					
#2					
#3					
#4					
#5					

Choose and record the best loan option from above. (1 point)

List 3 reasons why the chosen loan would be the best option. (3 points)



Decision Making

Name _____

Hour _____

You are to make a major decision. (What college should I attend? What do I want to do for a living? Where will I live next year? What will I do for transportation?) **Be sure to fill in all the blanks.**

1. **Identify the Problem**

2. **Brainstorm possible solutions**

a. _____

b. _____

c. _____

d. _____

e. _____

3. **Explore and Evaluate** (Look at each possibility, then list its pros and cons.)

Pros

Cons

a. _____

b. _____

c. _____

d. _____

e. _____

4. **Make a Decision and Act on it** (Make the decision.)

What do you need to do now in order to begin acting upon this decision? _____

5. **Evaluate**

What will you do to evaluate this decision? _____

Consumer Law Notes

I. Consumer Bill of Rights (1964)

A. Right to Safety

FDA (Food and Drug Administration)

USDA (U.S. Department of Agriculture)

USCPSC (U.S. Consumer Product Safety Commission)

USDT (U.S. Department of Transportation)

B. Right to be Informed

C. Right to Choose

D. Right to be Heard

- 1.
- 2.
- 3.
- 4.

Name _____

Consumer Research Report

Select an item you or a family member is interested in purchasing (phone, answering machine, luggage, radio, CD player, camera, cassette player, bike, sunglasses etc.) You can do anything except a car.

Item you researched _____

Reference:

What to Look For When Purchasing This Item:

Comparisons of Different Brands/Models:

Recommendations:

CASE STUDIES

Case Study #1

Mic Spike opened the door of the new automotive shop. He decided it must be a good store because there were so many people inside. His dad had sent him to get a case of oil and an oil filter for their car. He followed his dad's instructions on the brand to buy and was on his way to the check stand when he saw a display for a stereo system. It was marked with a big red sign that read, "This week only, \$349.00." Mic had wanted a stereo for a long time. He wasn't familiar with this brand, so he asked the salesperson some questions. She said it was an excellent buy--so good, in fact, that there were only two systems left. She also explained how he could easily charge it on a credit card and would only have to pay a few dollars each month. He thought a very short about the system and decided he couldn't pass it up. Soon he was on his way home with the stereo system tucked carefully in the trunk.

1. Do you think Mic will be satisfied with his purchase? Why or why not?
2. Why do you think he made this purchase?
3. Was Mic a wise consumer? Why or why not?
4. Mic made an impulse purchase. Have you ever bought anything on impulse? Did it turn out to be a good purchase?
5. What should Mic have done differently before purchasing a stereo system?

Case Study #2

Jaymee was totally distressed with her ancient phone. She had just redecorated her room and everything looked great--except the horrid looking phone that her grandparents had given her several years ago. She decided to spend some time comparing the quality, price, warranties, and features of phones. Finally, she made her decision, a "TEL-A-TALK" phone seemed to be the best phone for the money. It only had a 30-day warranty, but when she mentioned it to the salesperson, he told her he would extend the guarantee for a year. She was pleased and paid cash for the phone.

After three months the phone developed an annoying clicking sound. She took it back to the store only to find that the salesman that had promised the year warranty no longer worked there and the store would not extend the 30-day warranty.

1. What were Jaymee's rights?
2. What mistake did Jaymee make?
3. What should Jaymee do now?

PLANNED SPENDING

Read the following statements about planned spending. Circle T if the statement is true or F if the statement is false.

1. T F On the average, families in the United States spend about 50% of their income on food.
2. T F It costs more to feed a teenager than it does to feed a senior citizen
3. T F All families with similar food needs spend the same amount of money on food.
4. T F As family income increases the use of staple foods, such as beans and rice, tends to increase.
5. T F Being able to recognize seasonal food values and choose quality meats and produce are important meal management skills.
6. T F A meal manager's available time and energy affect the family food budget.
7. T F A family that eats casseroles and canned goods will likely spend more on food than a family that eats steaks and fresh produce.
8. T F A family's value system does not affect spending.
9. T F A meal manager is responsible for staying within the family's household spending plan when buying food.
10. T F A budget is a plan for managing how money is spent.
11. T F Money received as tips, gifts and interest should usually not be included as sources of income in a budget.
12. T F Savings should be listed on a budget as a flexible expense.
13. T F Food and utility bills are examples of fixed expenses.
14. T F Flexible expenses are easier to adjust than fixed expenses.
15. T F Protein foods are the most costly group of foods.
16. T F During off seasons, canned and frozen fruits and vegetables are usually less expensive than fresh produce.
17. T F Small packages of food products are usually better buys than larger packages.
18. T F A meal manager may be able to save money by preparing more foods from scratch.
19. T F Restaurants, concession stands, and vending machines take a portion of a family's food dollar.
20. T F Overspending the food budget to stock up on sale items one week may enable a meal manager to underspend the next week.

REVERSE PSYCHOLOGY

AVOIDING GROCERY STORE GIMMICKS

Food marketers know what make us tick: They know the smell of fresh-baked bread will turn on customer appetites—and probably increase sales of baked goods and other foods. They know more candy will be sold if it's kept fingertip—close at the checkout stand.

How alert are you to the psychology of the supermarket? Grocery-store gimmicks can take a bite out of your food budget—but you can learn to reverse supermarket psychology. On the chart below, try to match the products on the left with the sales gimmick on the right.

- | | |
|--|--|
| _____ 1. milk and bread | a. "end-of aisle" display (but is it a sale?) |
| _____ 2. gourmet/fancy brands | b. on inconvenient high/low shelves |
| _____ 3. candy and magazines | c. on outside walls of the store |
| _____ 4. chips and dips | d. at the checkout counter (temptation while you wait) |
| _____ 5. fresh corn—4 for a dollar! | e. on eye-level shelves |
| _____ 6. a pyramid-shaped pile of cans | f. buy six and get a \$3 rebate (but do you need six) |
| _____ 7. a sample bite of pizza | g. shelved together for easy snacking |
| _____ 8. "bargain" cosmetics | h. a tasty morsel that says "Buy me!" |
| _____ 9. Generic/lower-priced brand | i. Dumped in a mid-aisle cart (but are prices really lower?) |
| _____ 10. a six-pack of videotapes | j. yeah, but you can buy one for a quart too! |
| _____ 11. bakery and deli | k. oh, the smell! (makes you hungry?) |

As you learn supermarket smarts, you'll add rules of your own for avoiding gimmicks and stretching your food dollars. A winning game will send you home with money in your pocket—not a bag full of impulse purchases!

Spending Your Food Dollar

"Almost everyone knows that steak costs more than hamburger; strawberries, when they are available, more than bananas; butter, more than margarine; Roquefort cheese, more than cottage cheese; and whipping cream, more than coffee cream. Therefore, the statement that the decision of what to serve for breakfast, lunch, and dinner determines how much money is spent for food is so obvious that it is ludicrous; yet some families fail to accept this fact. They would like to spend less for food, but wish to continue to eat what they want to eat; rarely can both be achieved."

To enhance your food shopping skills, get acquainted with the supermarket—the services it offers, the personnel and major sections—then put the food shopping basics in action.

Moving through the supermarket calls for special skills and awareness because of the variety of food and nonfood items available. The following tips apply specifically to supermarket shopping:

Supermarket Shopping Tips:

- Learn where things are in the stores where you shop frequently
- Shop systematically. . . up one aisle and down another to avoid backtracking or missing specials or items needed
- Ask for personal advice when you need it in self-service sections
- Handle merchandise with care and respect to help keep overhead down and control food prices
- Save time at checkout counters by having money or check ready, by unloading items with prices up and with multiple-priced things together
- Get to know your supermarket and department managers

In addition to one-stop shopping, modern supermarkets offer a variety of services to provide easy, convenient shopping for customers. Making the most of these services is one way to stretch food dollars and simplify food shopping. The following typical services may make shopping for food more convenient for you.

Supermarket services:

- check cashing
- free parking
- carry-out help
- express checkout counters
- convenient shopping hours
- bulletin board for use by customers
- recipes and product information services
- advice on quantity to buy and preparation techniques from meat section
- samples of new food products
- home economist services
- equipment rentals
- stores within the store including delicatessen, bakery, pharmacy, etc.
- unit pricing on all or some items packaged in nonstandard sizes
- open dating on perishable items

Sound food buying practices begin with personal and family needs. While every family is different, basic needs are illustrated below:

Family Size & Makeup

Food & Preferences & Time & Skills

Basic Family Needs

Life Style & Money

Family Needs

Food preferences – What foods does the entire family enjoy?

Family Size and Makeup – How large is the family? How old are the youngsters?

Time and Skills – What are the homemaker's activities? Does he/she enjoy cooking?

Money – What is the family income? How much is the family willing to spend for food?

Life Style – What is the family's mode of living? Does the family entertain guests frequently?

Planned purchasing is the next step in smart buymanship. In buying foods this means planning menus and a shopping list.

Plan menus, keeping in mind the following factors:

- Family Needs
- Good Nutrition
- Variety and Appetite Appeal
- Wise Use of Leftovers

A shopping list saves time, helps control spending and avoids omitting items. Some tips for preparing a shopping list include:

- Keeping the list handy in the kitchen to write down items needed as foods and supplies run short.
- Checking both staples and the week's menus before going to the store to be sure all items needed are on the list.
- Organizing the list according to major sections in the store to save shopping time and avoid forgetting items.
- Adding specials advertised in the newspaper to the list when the prices are advantageous and the items fit into the over-all food plan.

Skillful shopping is the key to getting value for food dollars. The following set of skills applies specifically to buying foods.

Basics:

- Use a shopping list as a guide, but be flexible.
- Buy seasonal foods in season.
- Take advantage of low prices and specials or other price reductions.
- Buy the quantity best suited to needs and storage facilities.
- Buy the quality of food best suited to the intended use.
- Compare the costs five ways:
 - 1) different brands, grades of quality
 - 2) foods in different forms such as canned, frozen, fresh, dried
 - 3) different stores
 - 4) similar foods as pears vs. peaches or rolls vs. bread
 - 5) built-in convenience vs. made-from-scratch
- Read labels to determine contents, quantity, number of servings, preparation instructions, serving suggestions and other useful facts.
- Learn the desirable characteristics or features to look for in different types of food.
- Check condition of package or container.
- Consider cost per serving and amount of waste such as bones.
- Buy by the ounce or pound in foods where there is no waste.
- Figure costs of ingredients added to convenience foods.
- Store foods properly.
- Develop price awareness.

How, Where and When to Shop

Buying in quantity is the least expensive providing you have a need for the particular product. Large sizes usually give more value per ounce of food than smaller containers.

Where you shop affects the value you receive for the money spent. Prices vary among different stores so you must evaluate the relative merits of different stores and the convenience of their services.

When you shop will depend on your schedule of activities and amount of free time. Shopping when stores are well stocked and offer good buys is recommended.

Storing Food

Proper food storage prevents spoilage, and preserves the nutritive value, flavor and appearance of food. Food spoilage represents wasted money and can be one of the reasons for failure to keep spending within what your food budget will allow.

UNIT PRICING NOTES

It is to your advantage to understand unit pricing for a number of reasons:

1. You can

For example:

2. With unit

For example:

3. You can

For example:

You may not always _____ the most _____ product for a number of reasons,

but when you are aware of _____,

you can make _____ about your purchases.

UNIT PRICING PRACTICE

Directions: Figure the unit price for each of the following items by dividing the price by the number of ounces or pounds. The first example is already completed for you.

FLOUR

1. 13.8 /lb. 5 lbs. for \$.69
2. 11.9 /lb. 10 lbs. for \$1.19
3. 7.6 /lb 25 lbs for \$1.89

CANNED GREEN BEANS

4. _____ one 16 oz. can for \$.35
5. _____ four 16 oz. cans for \$1.25
6. _____ four 17 oz. cans for \$.95

POTATOES

7. _____ 3 lbs. for \$.49
8. _____ 10 lbs. for \$.65
9. _____ 20 lbs. for \$.99

CEREAL

10. _____ 12 oz. for \$.35
11. _____ 18 oz. for \$.99
12. _____ 16 oz. for \$.87

APPLESAUCE

13. _____ four 17 oz. cans for \$.95
14. _____ five 17 oz. cans for \$1.00
15. _____ five 15 oz. cans for \$1.00

LIQUID DETERGENT

16. _____ 22 oz. for \$.39
17. _____ 32 oz. for \$.65
18. _____ 51 oz. for \$.99

Directions: Answer these questions after reading the article entitled "Food Fight".

Article: Food Fight

- 1. Who are supermarkets major competitors now?
- 2. What are the most common complaints consumers have about supermarkets?
- 3. What are the pros and cons of shopping at a regular supermarket?
Pros: _____ Cons: _____
- 4. What are the pos and cons of shopping at a super center?
Pros: _____ Cons: _____
- 5. What are the pros and cons of shopping at a warehouse club?
Pros: _____ Cons: _____
- 6. Store brand products are about what percentage lower in price than comparable national brand product?
- 7. Why don't people use the Internet for grocery shopping as much as one might expect?
- 8. List three grocery store sales strategies that entice you to buy more.
 - 1.
 - 2.
 - 3.
- 9. Where is the prime selling space in the supermarket?
- 10. List five things you learned from this article that will make you a more informed shopper.
 - 1.
 - 2.
 - 3.
 - 4.
 - 5.

Test Your Supermarket IQ

Do your eyes glaze over at the mere thought of wandering up and down the aisles of your supermarket? Or are you the kind of person who can "shop 'till you drop"? Either way, you'll enjoy testing your supermarket savvy below.

Circle the answer you think is right. Give yourself one point for each correct answer. A score of:

- 3 or less means you should enter a supermarket at your own risk!
- 4 to 6 means you've graduated from the mini-mart to the chain store.
- 7 or over indicates that you have "supermarket smarts."

1. The best time to go shopping is:
 - a. when you're hungry
 - b. after you've eaten
 - c. when you have nothing to do
2. A well-planned shopping list is primarily to help you:
 - a. shop faster
 - b. think on your feet
 - c. avoid impulse buying
3. You save money by going to the store:
 - a. every day
 - b. once each week with drop-in visits to buy fresh food
 - c. when you run out of everything
4. You save money by "shopping the walls" because you:
 - a. are in the store less time
 - b. primarily purchase basic food items
 - c. buy mostly expensively packaged, highly processed foods
5. A "hypermarket" is a:
 - a. store that specializes in non-food items
 - b. large store that sells groceries as well as household goods and clothing
 - c. store that makes you feel nervous and rushed
6. A food that is advertised as "natural":
 - a. is always free of fat, salt, and sugar
 - b. is always free of additives and preservatives
 - c. has only ingredients that are derived from plant and animal sources
7. When a product is advertised as "cholesterol-free," it:
 - a. is always free of fats that raise cholesterol levels in the blood
 - b. is free of animal products
 - c. requires careful reading of the label to determine actual fat content
8. Ingredients are listed on the product label:
 - a. alphabetically
 - b. in order of importance
 - c. by weight, in descending order—according to what the product has most of
9. The "Giant" size product is:
 - a. always the best buy for everyone
 - b. not the best choice if you rarely use the item or have insufficient storage space
 - c. not a good choice for people who don't like to carry heavy bags

STORE VS. NAME BRAND COMPARISON WORKSHEET

Name _____

Date _____

	Total Points Earned
60	Total Points Possible
	Percentage

Directions: Complete the following charts with the information found at the stations around the room.
Remember to fill in the product name next to the name brand and store brand.

Station #1 (example) Product: _____

Product Name:	Store Brand:	Name Brand:
Cost:		
Quantity:		
Cost per serving:		
Ingredients: (at least 3)		
Label appeal:		
Appearance of product:		

Station #2 (15 points) Product: _____

Product Name:	Store Brand:	Name Brand:
Cost:		
Quantity:		
Cost per serving:		
Ingredients: (at least 3)		
Label appeal:		
Appearance of product:		



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Station #3 (15 points) Product: _____

Product Name:	Store Brand:	Name Brand:
Cost:		
Quantity:		
Cost per serving:		
Ingredients: (at least 3)		
Label appeal:		
Appearance of product:		

Station #4 (15 points) Product: _____

Product Name:	Store Brand:	Name Brand:
Cost:		
Quantity:		
Cost per serving:		
Ingredients: (at least 3)		
Label appeal:		
Appearance of product:		

Station #5 (15 points) Product: _____

Product Name:	Store Brand:	Name Brand:
Cost:		
Quantity:		
Cost per serving:		
Ingredients: (at least 3)		
Label appeal:		
Appearance of product:		



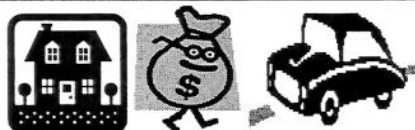
Name: _____ Period: _____

UNIT 5

Financial Literacy

Housing/Automobile/Consumerism Unit

Due: _____



Securing a Living Space Quiz-----	___/14
Renting vs. Owning a Home-----	___/24
Housing Comparison-----	___/37
Terms Involved in Renting-----	___/14
Reading Living Space Advertisements-----	___/18
Mortgages-----	___/15
Mortgage Terms-----	___/5
Automobile Loans-What do I need to know-----	___/30
Calculate the Cost of a Loan-----	___/24
Shopping for an Auto Loan-----	___/35
Decision Making-----	___/20
Consumer Law Notes-----	___/15
Consumer Research Report-----	___/40
Case Studies-----	___/10
Planned Spending-----	___/5
Reverse Psychology-----	___/5
Unit Pricing Notes-----	___/15
Article: Food Fight-----	___/20
Test Your Supermarket IQ-----	___/5
Terms that will help you be a better grocery shopper-----	___/12
Store vs. Name Brand Comparison-----	___/30

Total Points-----/393

****Place in order behind this page to turn in as a complete packet****

Points or point value subject to change ☺

SECURING A LIVING SPACE QUIZ

	Total Points Earned
14	Total Points Possible
	Percentage

Name _____

Date _____

Directions: Circle the correct term after reading the definition at each station. Each question is worth 2 points.

Question #1

- a) Renter
- b) Property manager
- c) Landlord

Question #2

- a) Written agreement
- b) Lease agreement
- c) No-lease agreement

Question #3

- a) Written agreement
- b) Lease agreement
- c) No-lease agreement

Question #4

- a) Written agreement
- b) Lease agreement
- c) No-lease agreement

Question #5

- a) Application form
- b) Credit report
- c) Rental agreement

Question #6

- a) Rental payment
- b) Damage Fee
- c) Security deposit

Question #7

- a) Rental payment
- b) Damage Fee
- c) Security Deposit



FAMILY ECONOMICS AND FINANCIAL EDUCATION

RENTING VS. OWNING

Housing is the largest of the four major personal expenditures (housing, food, transportation, and insurance). In most spending plans, it accounts for one-third of a person's income each month. Many varieties of housing are available. The type of housing one chooses will depend on goals, values, needs, and wants. When searching for housing options, a person must decide whether to rent or purchase a place to live. Deciding whether to rent or own requires research, exploration, and priority of needs and wants.

A housing decision should be based on an analysis of one's financial status. A person may discover it is more practical to rent depending on financial resources, where the person lives, and how long he/she expects to reside in one place.

Before choosing a place to live, calculate how much can be afforded for housing expenses according to income, debts, and other expenses in one's personal budget. Research must be done to help make the decision as to whether renting or buying makes the most sense.

Reasons for Making a Housing Choice



People choose to rent or buy a home for many different reasons based upon their situation. There are many aspects to consider:

- ♦ Personal and financial goals;
- ♦ Personal values, needs, and wants;
- ♦ Amount of money available for housing costs;
- ♦ Financial resources and readiness;
- ♦ Credit history;
- ♦ Real estate prices;
- ♦ Location preference;
- ♦ Expected length of stay in a particular place.

Comparison of Expenses

One factor people use to decide to rent or own is the difference in expenses between the two options. Individuals have to live in a place they can afford, and although there are other factors to consider, cost is a major factor. Below is a comparison of expenses associated with each.

Renting

- ♦ Monthly rent;
- ♦ Security deposit;
- ♦ Utilities— electricity, water, garbage, etc.;
- ♦ Renter's insurance.

Owning

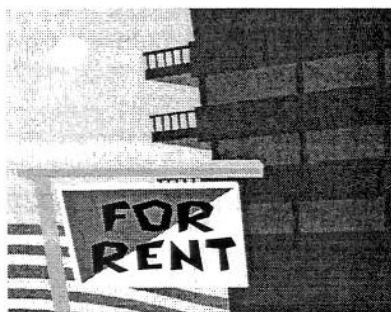
- ♦ Monthly mortgage payments;
- ♦ Down payment (one time cost);
- ♦ Closing costs (one time cost);
- ♦ Utilities-electricity, water, and garbage;
- ♦ Homeowners insurance;
- ♦ Real estate property taxes;
- ♦ Maintenance.

Housing accounts for about one-third of a person's monthly income



Renting

Rent is the cost of using someone else's property. Examples of property choices include apartments, condos, houses, mobile homes, etc. A tenant, or renter, is a person who rents the property. Tenants are generally people who either cannot afford home ownership or have chosen not to purchase a home. The owner of the rental property is the landlord. The landlord may act as a property manager or hire an agent to perform the management duties. A property manager's duties may include collecting rent and deposits, paying utility bills, performing repairs and maintenance, watching over the property, responding to tenant complaints, and assigning new tenants. The property manager may charge a fee to the landlord to perform the management tasks.



Why rent an apartment?

Advantages of renting include:

- ◆ Low move-in costs;
- ◆ Fixed monthly expenses;
- ◆ Easy to move;
- ◆ Location choices (may be close to work or school);
- ◆ Less maintenance and repair;
- ◆ Fewer responsibilities;
- ◆ May offer extra amenities such as a tennis court or pool;
- ◆ Less expensive than home ownership;
- ◆ May be able to save for other wants or needs if renting a less expensive apartment;
- ◆ Other expenses may be included in rent payment including electricity, water, sewer, and/or garbage.

Disadvantages of renting include:

- ◆ Subject to terms of a lease;
- ◆ Rent may change with little notice;
- ◆ Less privacy and transient neighbors;
- ◆ Restrictions on noise level and/or pets;
- ◆ Fewer opportunities to upgrade apartment (for example new carpet, paint, or wallpaper);
- ◆ When leaving a property, no equity is returned as it would be if selling a home;
- ◆ No tax deductions;
- ◆ May lose rental if the property is sold.



Security Deposits

When moving into a new place, people are usually required to pay a security deposit and sign a lease. A security deposit is an advance payment to cover anything beyond normal wear and tear on the unit. This deposit may be returned to the tenant when the unit is left in good condition.

Leases

A lease is a legal contract between the tenant and the landlord specifying the responsibilities and rights of both parties. Lease agreements identify the rent amount, security deposit amount and details on items such as: payment for utility bills, late payment penalties, length of lease, and eviction terms.



Owning

Home ownership means the buyer has purchased a housing unit as property. Home ownership protects hard-earned dollars from taxation, builds wealth, and helps to provide security in retirement. Approximately two out of three American families own the homes in which they live. Many renters would prefer to own, but cannot afford the necessary down payment or the costs of ownership. Aside from just having a place to live, owning a home is an investment. This is an investment because if a person sells a home for more than what it was bought for, that person makes money. This is called equity.



HOME

PURCHASING

Buying a home is expensive and few people can write a check to pay for it. Most people use a mortgage to buy their home. A mortgage is a home loan in which the home is the collateral. Collateral is an item promised to the lender if the borrower does not pay back the loan. Collateral is usually the item that was purchased with the borrowed funds. Ninety percent of buyers use a mortgage to purchase a home. The three main components to a mortgage are the *amount borrowed*, the *interest rate*, and the *length of the loan*. The amount of money borrowed for the loan depends on size of the down payment and the price of the home. The recommended purchase price an individual should pay for a home is 2 ½ times their gross annual income. A down payment is the amount of money paid on the home at the time of purchase. The larger the down payment, the smaller the amount borrowed and the smaller the monthly payment. A down payment is typically 10 – 20% of the purchase price of the home. The typical length of a loan is thirty years, but this may vary.

Why purchase a home?

Advantages of home ownership include:

- ♦ Build equity which can be borrowed against if necessary;
- ♦ Pride of ownership;
- ♦ Feel more comfortable and have more privacy;
- ♦ Stable mortgage payments;
- ♦ More room and storage;
- ♦ Improvement of buyer's credit rating;
- ♦ Income tax deductions for property taxes and mortgage interest;
- ♦ Property may increase in value;
- ♦ Free to make home improvements and have pets (items typically not allowed in rentals).

Disadvantages of home ownership:

- ♦ Large down payment;
- ♦ Move-in costs;
- ♦ Insurance costs;
- ♦ Property may decrease in value;
- ♦ Time, money, and energy commitment;
- ♦ Repair and maintenance costs;
- ♦ Property taxes can raise substantially;
- ♦ Money is tied up in the home;
- ♦ May take several months to sell a home if trying to relocate.

The benefit of Biweekly Payments

Biweekly Mortgage Program

Home Mortgage Services

Phone (800) 251-1315

Client :	Sample Only	Total Monthly Payment :	\$1,000.00
Mortgage Amount :	\$100,000	BMP Split Pay Debit Amount :	\$502.95
Original Interest Rate :	7%	Optional Additional Payment Amount :	\$25.00
Term of Loan :	360 Months	BMP Split Pay Plus Debit Amount :	\$527.95

Years	Mortgage Balance		Equity Buildup		BMP Difference	BMP Split Pay Plus
	Current	BMP Split Pay	Current	BMP Split Pay		
1	\$98,984	\$97,966	\$1,016	\$2,034	\$1,018	\$97,296
2	\$97,895	\$95,785	\$2,105	\$4,215	\$2,109	\$94,396
3	\$96,727	\$93,447	\$3,273	\$6,553	\$3,280	\$91,286
4	\$95,474	\$90,939	\$4,526	\$9,061	\$4,535	\$87,952
5	\$94,131	\$88,251	\$5,869	\$11,749	\$5,880	\$84,377
6	\$92,691	\$85,368	\$7,309	\$14,632	\$7,323	\$80,543
7	\$91,147	\$82,276	\$8,853	\$17,724	\$8,871	\$76,433
8	\$89,491	\$78,961	\$10,509	\$21,039	\$10,530	\$72,025
9	\$87,715	\$75,406	\$12,285	\$24,594	\$12,309	\$67,298
10	\$85,811	\$71,595	\$14,189	\$28,405	\$14,216	\$62,230
11	\$83,769	\$67,507	\$16,231	\$32,493	\$16,262	\$56,795
12	\$81,580	\$63,125	\$18,420	\$36,875	\$18,456	\$50,967
13	\$79,233	\$58,425	\$20,767	\$41,575	\$20,808	\$44,718
14	\$76,716	\$53,386	\$23,284	\$46,614	\$23,330	\$38,018
15	\$74,016	\$47,982	\$25,984	\$52,018	\$26,034	\$30,833
16	\$71,122	\$42,188	\$28,878	\$57,812	\$28,934	\$23,128
17	\$68,019	\$35,975	\$31,981	\$64,025	\$32,043	\$14,867
18	\$64,691	\$29,313	\$35,309	\$70,687	\$35,378	\$6,008
19	\$61,122	\$22,169	\$38,878	\$77,831	\$38,953	PAID OFF
20	\$57,296	\$14,509	\$42,704	\$85,491	\$42,787	
21	\$53,193	\$6,295	\$46,807	\$93,705	\$46,898	
22	\$48,793	PAID OFF	\$51,207	\$100,000	PAID OFF	
23	\$44,076		\$55,924			
24	\$39,017		\$60,983			
25	\$33,593		\$66,407			
26	\$27,776		\$72,224			
27	\$21,539		\$78,461			
28	\$14,852		\$85,148			
29	\$7,680		\$92,320			
30	\$0		\$100,000			

	Current Mortgage	BMP Split Pay	BMP Split Pay Plus
Mortgage Term :	30.0 Years	21.8 Years	18.7 Years
Interest Savings :	None	\$44,358	\$59,923
Total Interest :	\$139,502	\$95,144	\$79,579
Gross Payments Saved :	None	99	136
Equivalent Interest Rate :	7%	5.086%	4.367%
Average Yearly Interest Savings :	None	\$2,039	\$3,210
Average Monthly Interest Savings :	None	\$170	\$268

These figures, while not guaranteed, should serve as a savings estimate based on present loan information. Actual figures will vary based on any applicable changes in loan data such as: Payment amount changes, interest rate changes, escrow adjustments, and the timing and amount of any additional principal.

RENTING VS. OWNING A HOME

Name _____

Date _____

	Total Points Earned
24	Total Points Possible
	Percentage

Directions: Answer the following questions based upon the renting vs. owning information.

1. Housing is approximately _____ of a person's income. (1 point)
2. What is renting? (1 point)
3. Who is the landlord? (1 point)
4. When moving into a rental, what two things are people usually required to do? (2 points)
5. What are three costs of renting? (3 points)
6. Complete the chart below by listing three advantages and disadvantages of renting. (6 points)

Advantages of Renting	Disadvantages of Renting
1. _____	1. _____
2. _____	2. _____
3. _____	3. _____

7. How much is usually paid at the time of a home purchase? (1 point)
8. What are three costs of ownership? (3 points)
9. Complete the chart below by listing three advantages and disadvantages of ownership. (6 points)

Advantages of Ownership	Disadvantages of Ownership
1. _____	1. _____
2. _____	2. _____
3. _____	3. _____



HOUSING COMPARISON

Name _____

Date _____

	Total Points Earned
37	Total Points Possible
	Percentage

Directions: Read the scenarios for a renter and a potential home buyer. Find advertisements for two rental units and two homes for sale and attach copies. Compare the two ads to each other by completing the charts and answering the questions. A minimum of seven criteria must be completed for each advertisement. *You can use deseretnews.com or any newspaper online*

Rental Units

Scenario #1: Carrie, Martha, and Ally are looking for a place to rent for the school year starting in two months. Martha has a cat and they would prefer three bedrooms and two bathrooms. (14 points)

	Advertisement #1	Advertisement #2
Date published:		
Newspaper or Web site:		
Define any abbreviations included in the ad:		
Monthly rent:		
Upfront costs:		
Expenses covered by the rent:		
Expenses not covered by the rent:		
Advantages of the property include:		
Disadvantages of the property include:		
Restrictions on the property: (pet owners, smokers, etc.)		

1. Choose one of the two apartments which best fits the needs of the scenario. State three reasons why. (4 points)

Homes for Sale

Scenario #2: Bob and Mary are newlyweds. They work full time, have no children, and seem to have many of their friends and family coming to visit often. They would like to buy a home. Bob's annual income is \$35,000 and Mary's annual income is \$19,000. (14 points)

	Advertisement #1	Advertisement #2
Date published:		
Newspaper or Web site:		
Price of the property:		
Calculate the estimated down payment:		
Location of the property:		
Define any abbreviations included in the ad:		
Advantages of the property include:		
Disadvantages of the property include:		
Restrictions on the property:		

2. What is the maximum amount Bob and Mary should pay for a home? (1 point)
3. Choose one of the two houses which best fits the needs of the scenario. State three reasons why. (4 points)



TERMS INVOLVED IN RENTING

	Total Points Earned
14	Total Points Possible
	Percentage

Name _____

Date _____

Directions: Write the answers in the blanks provided for the questions below, and circle the answer in the puzzle. Each question is worth 2 points.

R Q A Z E D L C C O N D O M I N I U M S
 E E R F V T E G B Y H N U R J M I K O E
 S L N O L E R S E P Q A Z W A S X E D C
 I C R S F V S T G B Y H N U J L M I K U
 D O L P P Q E A Z W S X E D C R F V T R
 E G T E N A N T J M P I K O L P Q A Z I
 N W S N X E D C R F R O O M S V T G B T
 C Y H D N U J M I K O O L P Q A Z W S Y
 E X E I D C R M F V P T G B Y H N U J D
 H M I N K O H O U S E S D L P Q A Z W E
 A S X G E D C B R F R V T U G B Y H N P
 L U J P M I K I O L T P Q A P Z W S X O
 L E D L C R F L V T Y G B Y H L N U J S
 S M I A K O L E P Q M A Z W S X E E D I
 C R F N V T G H B Y A H N U J M I X K T
 O L P C Q A Z O W S N X E D C R F V E T
 G B Y O H N U M J M A P A R T M E N T S
 I K W R I T T E N O G L P Q A Z W N X E
 D C R M F V T S G B E Y H N U J M I T O
 L P Q A L A N D L O R D R G N I S U O H

- Payment made in exchange for occupying another's land or property is called _____.
- A person who works for the owner in regards to finding and screening tenants, collecting rent, maintaining the property, securing the property, and responding to tenant's needs and complaints is called a _____.
- Single housing units usually surrounded by a yard are called _____.
- Sets of rooms on one floor of a building used as separate residences are called _____.
- Manufactured houses that are capable of being moved from one location to another are called _____.
- Single apartments in a multiple housing structure that can contain multiple stories, garages, yards, and other amenities are called _____.
- Houses composed of two apartments situated side by side are called _____.
- Private spaces located within another structure such as a house, hotel, or other facility are called _____.
- Buildings usually located on college and university campuses that include a shared room are usually available during school semesters are called _____.
- Money paid in advance of moving into a living space to the landlord or property manager to be used for repairs or damage done to the space beyond the normal wear and tear expected is called a _____.
- A financial statement that helps assist in money management and aids in tracking income and expenses is called a _____.
- A person who rents the property is called a renter or a _____.
- Rent can be paid to the property manager or to the _____.
- _____ is the greatest expense when considering the four major areas of expenditures.



READING LIVING SPACE ADVERTISEMENTS

	Total Points Earned
18	Total Points Possible
	Percentage

Name _____

Date _____

Directions: Below are sample living space advertisements found in newspapers. Read each ad and decipher what the abbreviations mean based on the information in the lesson plan. Describe each living space on the lines provided in full detail.

1. SUNLIGHT AVENUE

3BR/2BA \$650-\$780

Newer Manufactured home. W/D hookups, water pd. Off street parking. Great Loc. NP

Peak Property and Rental Company 586-9754

This living space offers: (5 points)

2. 1 BR, 1 BA. Near schools and downtown.

Gas FP. AC. Water/ trash pd. NS.

\$650 + deposit.

Call 599-1234

This living space offers: (6 points)

3. 402 N 19TH 2BR/1BA \$675/MO. Nice home in duplex.

Attached single garage. W/D included.

N/S, N/P. W/S/G pd.

Aspen Rentals

452-9873

This living space offers: (7 points)



Types **Mortgages**

--	--	--	--	--

Notes from Guest Speaker

Mortgage Vocabulary

* **Adjustable rate mortgage (ARM)**

Is a mortgage in which the interest rate is adjusted periodically based on a pre-selected index. Also sometimes known as the re-negotiable rate mortgage, the variable rate mortgage or the Canadian rollover mortgage.

Adjustment interval

On an adjustable rate mortgage, the time between changes in the interest rate and/or monthly payment, typically one, three or five years, depending on the index.

* **Amortization**

Means loan payment by equal periodic payment calculated to pay off the debt at the end of a fixed period, including accrued interest on the outstanding balance.

* **Annual percentage rate A.P.R.**

Is a interest rate reflecting the cost of a mortgage as a yearly rate. This rate is likely to be higher than the stated note rate or advertised rate on the mortgage, because it takes into account points and other credit costs. The APR allows home buyers to compare different types of mortgages based on the annual cost for each loan. **Appraisal**

An estimate of the value of property, made by a qualified professional called an "appraiser". **Assessment**

A local tax levied against a property for a specific purpose, such as a sewer or street lights.

* **Balloon (payment) mortgage**

Usually a short-term fixed-rate loan which involves small payments for a certain period of time and one large payment for the remaining amount of the principal at a time specified in the contract.

Blanket Mortgage

A mortgage covering at least two pieces of real estate as security for the same mortgage.

Borrower (Mortgagor)

One who applies for and receives a loan in the form of a mortgage with the intention of repaying the loan in full.

Broker

An individual in the business of assisting in arranging funding or negotiating contracts for a client buy who does not loan the money himself. Brokers us ally charge a fee or receive a commission for their services.

* **Buy-down**

The action to pay additional discount points (buy down subsidy) to the lender in exchange for a lower interest rate. The reduced rate may apply for all or a portion of the loan term. This subsidy amount may be paid by the buyer, lender, seller or a combination of parties.

Cash Flow

The amount of cash derived over a certain period of time from an income-producing property. The cash flow should be large enough to pay the expenses of the income producing property (mortgage payment, maintenance, utilities, etc.)

Caps (interest)

Consumer safeguards which limit the amount the interest rate on an adjustable rate mortgage may change per year and/or the life of the loan.

Caps (payment)

Consumer safeguards which limit the amount monthly payments on an adjustable rate mortgage may change.

Certificate of Eligibility

The document given to qualified veterans which entitles them to VA guaranteed loans for homes, business, and mobile homes.

Certificates of eligibility may be obtained by sending DD-214 (Separation Paper) to the local VA office with VA form 1880 request for Determination of Eligibility.

* Closing

A meeting between the buyer, seller and lender or their agents where the property and funds legally change hands. Also called settlement. closing costs usually include an origination fee, discount points, appraisal fee, title search and insurance, survey, taxes, deed recording fee, credit report charge and other costs assessed at settlement. The cost of closing usually are about 3 percent to 6 percent of the mortgage amount.

Co Borrower (co signer, co mortgagor)

One who signs a mortgage contract with another party or parties and is hereby jointly obligated to repay the loan. Generally a co borrower provides some assistance in meeting the requirements of the loan, and receives a share of interest in the encumbered property.

Construction loan

A short term interim loan for financing the cost of construction. The lender advance funds to the builder at periodic intervals as the work progresses.

* Conventional loan

A mortgage not insured by FHA or guaranteed by the VA.

Credit Report

A report documenting the credit history and current status of a borrower's credit standing.

* Debt-to-Income Ratio

The ratio, expressed as a percentage, which results when a borrower's monthly payment obligation on long-term debts is divided by his or her net effective income (FHA/VA loans) or gross monthly income (conventional loans). See housing expenses-to-income ratio.

* Deed of trust

In many states, this document is used in place of a mortgage to secure the payment of a note.

* Default

Failure to meet legal obligations in a contract, specifically, failure to make the monthly payments on a mortgage.

Deferred interest:

When a mortgage is written with a monthly payment that is less than required to satisfy the note rate, the unpaid interest is deferred by adding it to the loan balance. see negative amortization

Delinquency

Failure to make payments on time. this can lead to foreclosure.

* Down Payment

Money paid to make up the difference between the purchase price and the mortgage amount. Down payments can range from 3 percent to 20 percent or more of the sales price on conventional loans.

* Earnest Money

Money given by a buyer to a seller as part of the purchase price to bind a transaction or assure payment.

Equal Credit Opportunity Act (ECOA)

Is a federal law that requires lenders and other creditors to make credit equally available without discrimination based on race, color, religion, national origin, age, sex, marital status or receipt of income from public assistance programs.

* Equity

The value an owner has in real estate over and above the obligation against the property.

* Escrow

Funds that are set aside and held in trust, usually for payment of taxes and insurance on real property. Also earnest deposits held pending loan closing.

Escrow

Refers to a neutral third party who carries out the instruction of both the buyer and seller to handle all the paperwork of settlement or closing." Escrow may also refer to an account held by the lender into which the home buyer pays money for tax or insurance payments.

Fannie Mae

see Federal National Mortgage Association.

Federal Housing Administration (FHA)

A division of the Department of Housing and Urban Development (HUD). Its main activity is the insuring of residential mortgage loans made by private lenders. FHA also sets standards for underwriting mortgages.

Federal National Mortgage Association (FNMA) also known as "Fannie Mae"

A private corporation, federally chartered to provide financial products and services that increase the availability and affordability of housing for low-, moderate-, and middle-income Americans. The largest corporation in America, Fannie Mae has \$287 billion in assets and an additional \$544 billion in Mortgage-Backed Securities outstanding. Next to the U.S. Treasury, it is often the second largest borrower in the capital markets. Fannie Mae is traded on the New York Stock Exchange (FNM) and has approximately 190,000 shareholders.

*** FHA loan**

A loan insured by the Federal Housing Administration open to all qualified home purchasers. While there are limits to the size of FHA loans (\$155,250), they are generous enough to handle moderately-priced homes almost anywhere in the country.

FHA Mortgage Insurance Premium (MIP)

An amount equal to 2.25 percent of the loan amount paid at closing or financed into the loan amount. In addition, FHA mortgage insurance requires an annual fee of 0.5 percent of the current loan amount, paid in monthly installments. The lower the down payment, the more years the fee must be paid.

*** Fixed Rate Mortgage**

The mortgage interest rate will remain the same on these mortgages throughout the term of the mortgage for the original borrower.

*** Foreclosure**

A legal process by which the lender or the seller forces a sale of a mortgaged property because the borrower has not met the terms of the mortgage. Also known as a repossession of property.

Foreclosure

A legal procedure in which property securing debt is sold by the lender to pay the defaulting borrower's debt.

Freddie Mac

see Federal Home Loan Mortgage Corporation

Ginnie Mae see Government National Mortgage Association.

*** Graduated Payment Mortgage (GPM)**

A type of flexible-payment mortgage where the payments increase for a specified period of time and then level off. This type of mortgage has negative amortization built into it.

Guaranty

A promise by one party to pay a debt or perform an obligation contracted by another if the original party fails to pay or perform according to a contract.

Hazard Insurance (Homeowners Insurance)

A form of insurance in which the insurance company protects the insured from specified losses, such as fire, windstorm and the like.

Housing Expenses-to-Income Ratio

The ratio, expressed as a percentage, which results when a borrower's housing expenses are divided by his/her gross monthly income. See debt-to-income ratio.

Impound

That portion of a borrower's monthly payments held by the lender or servicer to pay for taxes, hazard insurance, mortgage insurance, the payments, and other items as they become due. Also known as reserves.

Loan Mortgage Corporation. Because jumbo loans cannot be funded by these two agencies, they usually carry a higher interest rate.

* **Lien**

A claim upon a piece of property for the payment or satisfaction of a debt or obligation.

* **Loan-to-Value Ratio**

The relationship between the amount of the mortgage loan and the appraised value of the property expressed as a percentage.

Margin

The amount a lender adds to the index on an adjustable rate mortgage to establish the adjusted interest rate.

Market Value

The highest price that a buyer would pay and the lowest price a seller would accept on a property. Market value may be different from the price a property could actually be sold for at a given time.

MIP: Mortgage Insurance Premium

A monthly premium paid by the homeowner in addition to the Up Front MIP that is generally financed. The monthly mortgage insurance is equal to the mortgage amount multiplied by .005 divided by 12. ($\$100,000 \times .005 / 12 = \41.67 per month)

* **Mortgage Insurance**

Money paid to insure the mortgage when the down payment is less than 20 percent. See private mortgage insurance, FHA mortgage insurance.

Mortgagee

lender

Mortgagor

The borrower or homeowner

Negative Amortization

Occurs when your monthly payments are not large enough to pay all the interest due on the loan. This unpaid interest is added to the unpaid balance of the loan. the danger of negative amortization is that the home buyer ends up owing more than the original amount of the loan.

Net Effective Income

The borrower's gross income minus federal income tax.

Non Assumption Clause

A statement in a mortgage contract forbidding the assumption of the mortgage without the prior approval of the lender.

Note

The signed obligation to pay a debt, as a mortgage note.

* **Origination Fee**

The fee charged by a lender to prepare loan documents, make credit checks, inspect and sometimes appraise a property; usually computed as a percentage of the face value of the loan.

Permanent Loan

Long term mortgage, usually ten years or more. Also called an "end loan."

* **PITI**

Principal, Interest, Taxes and Insurance. Also called monthly housing expense.

Pledged account Mortgage (PAM):

Money is placed in a pledged savings account and this fund plus earned interest is gradually used to reduce mortgage payments.

Points (loan discount points)

Prepaid interest assessed at closing by the lender. Each point is equal to 1 percent of the loan amount (e.g., two points on a \$100,000 mortgage would cost \$2,000).

Prepaid Expenses

Necessary to create an escrow account or to adjust the seller's existing escrow account. Can include taxes, hazard insurance, private mortgage insurance and special assessments.

Prepayment

A privilege in a mortgage permitting the borrower to make payments in advance of their due date.

Prepayment Penalty

Money charged for an early repayment of debt. Prepayment penalties are allowed in some form (but not necessarily imposed) in 36 states and the District of Columbia.

Primary Mortgage Market

Lenders making mortgage loans directly to borrower's such as savings and loan association, commercial banks, and mortgage companies. These lenders sometimes sell their mortgages into the secondary mortgage markets such as to FNMA or GNMA, etc.

*** Principal**

The amount of debt, not counting interest, left on a loan.

Private Mortgage Insurance (PMI)

In the event that you do not have a 20 percent down payment, lenders will allow a smaller down payment - as low as 3 percent in some cases. With the smaller down payment loans, however, borrowers are required to carry private mortgage insurance which is generally paid monthly, and obtained by the lender through a Private Mortgage Insurance Company (GE, MGIC, United Guarantee, Amerin, PMI, etc).

Realtor®

A real estate broker or an associate holding active membership in a local real estate board affiliated with the National Association of Realtors.

Recording Fees

Money paid to the lender for recording a home sale with the local authorities, thereby making it part of the public records.

Refinance

Obtaining a new mortgage loan on a property already owned. Often to replace existing loans on the property.

*** Second Mortgage**

A mortgage made subsequent to another mortgage and subordinate to the first one.

Secondary Mortgage Market

The place where primary mortgage lenders sell the mortgages they make to obtain more funds to originate more new loans. It provides liquidity for the lenders. security.

Simple Interest

Interest which is computed only on the principle balance.

Survey

A measurement of land, prepared by a registered land surveyor, showing the location of the land with reference to known points, its dimensions, and the location and dimensions of any buildings.

*** Sweat Equity**

Equity created by a purchaser performing work on a property being purchased. term mortgage see balloon payment mortgage.

* **Title**
A document that gives evidence of an individual's ownership of property.

* **Title Insurance**
A policy, usually issued by a title insurance company, which insures a home buyer against errors in the title search. The cost of the policy is usually a function of the value of the property, and is often borne by the purchaser and/or seller.

Title Search

An examination of municipal records to determine the legal ownership of property. Usually is performed by an attorney or title company.

Truth-In-Lending

A federal law requiring disclosure of the Annual Percentage Rate and other loan terms to home buyers within 72 hours of loan application per regulation Z.

* **Underwriting**
The decision whether to make a loan to a potential home buyer based on income, assets, credit, collateral and other factors and the matching of this risk to an appropriate rate and term or loan amount.

Verification of Deposit (VOD)

A document signed by the borrower's financial institution verifying the status and balance of his/her financial accounts. This document is generally not needed if recent bank statements are available.

Verification of Employment (VOE)

A document signed by the borrower's employer verifying his/her position and salary. This document is generally not needed if recent pay stubs are available.

Warehouse Fee

Many mortgage firms must borrow funds on a short term basis in order to originate loans which are to be sold later in the secondary mortgage market (or to investors). When the prime rate of interest is higher on short term loans than on mortgage loans, the mortgage firm has an economic loss which is offset by charging a warehouse fee.

FAMILY ECONOMICS & FINANCIAL EDUCATION

RESEARCHING AN AUTOMOBILE

TRANSPORTATION



Transportation is a part of everyday life. It comprises about 15-20% of an individual's budget. Individuals need to assess and research their transportation needs. If this means

purchasing an automobile, it should be well planned. Often, the automobile is the second most expensive durable good purchased, coming only after a home.

Consumers often make a common mistake when they purchase a vehicle based upon what looks good instead of assessing long term costs (gas mileage, insurance, etc.) and practicality. Consumers may think their vehicle choice is a symbol of prestige and/or importance instead of choosing an affordable and practical vehicle. In order to avoid making this costly mistake, consumers should understand their needs versus wants before purchasing a vehicle.



THE PLANNED BUYING PROCESS

A consumer should avoid impulse buying. **Impulse buying** is making a purchase without fully considering priorities and alternatives. This can be avoided by following the steps of planned buying.



1. Prioritizing wants
2. Pre-shopping research
3. Fitting the budget
4. Comparison shopping
5. Negotiating
6. Making the decision
7. Evaluating the decision



STEP 1—PRIORITIZING WANTS

A **need** is something thought to be a necessity. A **want** is something unnecessary but desired. Before a consumer tries to buy a vehicle, they must assess their transportation needs and wants. In terms of automobiles, considering all options as wants and prioritizing those wants from low-priority to high-priority will benefit the consumer. Prioritizing wants helps the consumer to consider the costs and benefits of different vehicle options and also helps consumer to consider the "big picture" of the vehicle purchase rather than a specific want (such as heated seats, color, engine size, etc).

Consumers need to think about the following questions when prioritizing wants in a vehicle:

- ⇒ How will the vehicle be used?
- ⇒ Where will I be living?
- ⇒ How will the vehicle be stored or parked the most?
- ⇒ How much will it be driven?
- ⇒ What options would I like in the vehicle?

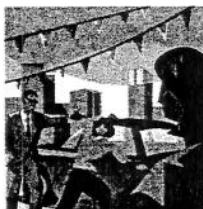


STEP 2—PRE-SHOPPING RESEARCH

Research can be performed before working with a car dealership or salesman. This helps the consumer to be informed about what they want, vehicles in their price range, and available options. Research can be performed the following ways:

Family and Friends –

Ask family and friends about experiences with different makes and models of different vehicles, which vehicles they like or dislike, and their recommendations.



Periodicals –

Many consumer publications are available with reports on cars and trucks. The public library is a good place to access this information.

- Consumer Reports - <http://www.consumerreports.org>
You must subscribe to use this Web site. Automobile information can be found in the most recent April issue.
- Federal Citizen Information Center - <http://www.pueblo.gsa.gov>
- Kelley Blue Book - <http://www.kbb.com>
- Motor Trend - <http://www.motortrend.com>
- Car and Driver - <http://www.caranddriver.com>

What Price Did the Dealer Pay?

It is in the consumer's best interest to discover how much a dealer paid for a vehicle. This helps to determine which vehicles to consider and to negotiate a fair price. This information can be obtained from Consumer Reports on their Web site at www.consumerreports.org. There is a charge to use the automobile research tools on the Consumer Reports Web site, so it may be best to narrow the search down prior to paying for the use this research tool. The costs may also be found in Kiplinger's Personal Finance magazine (December issue) and Edmund's New Car Prices, which may be available for free at a public library.



Vehicle Options

Many different types of vehicles are available. Items to research when pre-shopping include:

Price—

Base price – price of vehicle with standard equipment, no extra options

MSRP – manufacturer's suggested retail price, includes base price, the price of options installed by manufacturer, and their transportation charge

Sticker price – dealer's initial asking price

General type of vehicle – car, truck, 2-door, 4-door, sporty, SUV, etc.

Makes and models – Ford Taurus, Honda Accord, etc.

Safety – braking and emergency handling, airbags, etc.

Reliability – a reliable car will have a history of few repairs over the lifetime of the car. Some specific models are known for their reliability and may be more expensive, but will have fewer repair costs

Fuel economy – miles driven per gallon of gas used, larger or more powerful vehicles may use more gas

Power and performance – where and for what will it be driven (highway, steep hills, mountains, in a city, snowy conditions, muddy roads, etc.)

Comfort and convenience – amount of headroom and legroom, cargo space, etc.

Insurance – the vehicle chosen will affect the price of insurance, call an insurance agent for the vehicles being contemplated to get a quote

Other options – power steering and brakes, manual or automatic, air conditioner, rear-window defogger, radio/tape player/CD player, type of tires, cruise control, power door locks, power windows, sun roof, heated seats, etc.

Three places a person can purchase a vehicle are from a dealer, from a private owner, or off of the internet. Regardless of where a vehicle is purchased, the consumer needs to decide whether to purchase new or used. Here are some considerations of new and used vehicles.

New Vehicles—

- *Not pre-owned
- *Warranty
- *Expensive
- *Manufacturers options
- *Wide selection
- ***Depreciation** - loss in the vehicle's value due to time and use; greatest cost of owning an auto; largest auto fixed expense; federal tax guidelines assume a vehicle depreciates 52% during the first two years of an expected lifespan of five years.



Used Vehicles—

- *Cost less to buy
- *Less to insure
- *Wide selection
- *May offer warranty
- *Avoid rapid depreciation
- *Returned leased cars (may be a few years old good condition relatively low prices)
- *Have an independent mechanic inspect any used vehicle before buying

STEP 3—FITTING THE BUDGET

"Can I afford it?" The amount a consumer can afford in his/her budget will dictate the price of the vehicle. The price of the car is not the only cost associated with a vehicle purchase. Fixed expenses include depreciation (the loss in the vehicle's value due to time and use), insurance costs, loan payments and interest if the vehicle was financed, parking fees, licensing, and registration. Flexible expenses include gas, oil, maintenance, and repairs. All costs must be taken into consideration before choosing to buy a vehicle because they will affect the consumer's budget.



STEP 4—COMPARISON SHOPPING

Comparison shopping is the comparing of services or products to determine the best buy or quality product at a fair price. As the price of a vehicle increases, consumers are often not buying additional safety, capacity, or power, but instead style and prestige. Comparison shopping allows the consumer to build upon the information learned in the pre-shopping research. First, the consumer should narrow his/her choices to a few specific makes and models with desired options. Then he/she should visit the appropriate store to learn more information about each option to make comparisons. The consumer should inquire about price, dealer incentives, rebates, financing options, leasing, warranties, and service contracts. Test drive each potential vehicle. The goal of comparison shopping is to narrow the choice to one or two vehicles so the consumer can negotiate the best deal.

STEP 5—NEGOTIATING

Negotiating is the process of determining the actual terms of the purchase and agreement between the seller and the buyer. A firm price of the vehicle should be obtained before discussing any other aspects including a trade-in. Compare prices from many different dealers and let them know you have done your research and whether their price is too high. The two keys to all negotiations are (1) be able to say 'no' and (2) take the business to another dealership. Do not be persuaded into terms which are unsatisfactory and do not match predetermined wants.

STEP 6—MAKING THE DECISION



The best place to decide on which vehicle to purchase is not at the dealership's showroom. It is best to take the information home to compare all options. Then after making a decision on which vehicle to purchase, return to the dealer to close the sale.

STEP 7—EVALUATING THE DECISION

The last step is to evaluate the decision and purchase. The consumer should think about the things which went well and what did not. This evaluation will help the next time the consumer makes a similar purchase. If the process was successful and the consumer is happy with the seller, compliment them. However, if the consumer has a complaint about the process and/or purchase, make the complaint to the seller and then move to the supervisor if necessary.

LEMON LAWS

A vehicle is a lemon when it is in and out of the repair shop with problems monthly. All states have enacted lemon laws pertaining to new-car sales and service, but the specifics vary from state to state. The lemon laws are in place to protect consumers. To fall under the lemon law, the new vehicle must have a substantial defect which cannot be fixed in a reasonable time. If the defect remains unfixed after four repair attempts or the vehicle remains in the repair shop for a total of 30 days, it would qualify as a lemon. This allows the consumer the right to a refund or a new vehicle. If a consumer feels they have purchased a lemon, they should contact the state's attorney general office to request information on the state's lemon laws and how to use the law in their case.



Kelley Blue Book
The Trusted Resource
kbb.com

If trading in a used car or looking at purchasing one, consumers should check the blue book price, which is the dollar value given to the vehicle based on its year and model. This price is used as a guide for car dealers and banks for pricing trade-ins. The most common place to find this is the Kelly Blue Book (www.kbb.com).



HOW TO BUY A USED CAR

Things You Should Know:

- A used car is usually cheaper to buy and to insure. They keep their resale value better.
- Used cars are used cars, if you want a car without scratches and soils and without imperfections, then you want a new car rather than a used car.
- A used car may be the only car that fits into your budget.
- Always buy the smallest, newest, car that fits your needs and your budget.
- The average mileage for a car is 15,000 miles per year. Use that as a guide to see if the car you are looking at is over or under miles.
- Private seller is usually best, they want cash quick and will probably bargain better.
- Check the NADA used Car Guides, found in libraries, banks, and insurance companies.
- Remember that little luxuries and added frills do not determine the quality.
- Buy from someone reliable that you can trust.

Where to Look for Information:

- Check Consumer Report Magazines. They will tell the trouble spots and the advantages of most makes and models. They recommend used cars to buy and to avoid.
- Check newspaper ads

Things to Ask Before Going to Look:

- Is the car registered? Inspected?
- Ask why the car is being sold.
- Has this car ever been in an accident?

Specific Things to Look For:

- Take a test drive with a friend who knows cars. Do it on a clear day, not a day that is cloudy and stormy. If they refuse to let you, then forget that car.
- Check the lights and blinkers to see they all work properly.
- Push on the brakes for one minute. If the pedal continues to sink to floor--probably a leak in the brake system.
- Check for rust spots around doors and tire wells. This is very difficult to repair and expensive.
- Check for blistered paint or peeling.
- Check to see if there are any signs of an accident such as: paint that is a little different color, trunk and hood fit just right. Doors open and close easily.
- Check wear of tires, worn evenly? Also check spare.
- Check odometer.
- Grab tires and shake back and forth, if there is play, then worn suspension joints.
- Bounce car up and down on each corner, if it keeps bouncing when you stop then bad shocks.
- Get under the car and check for rust spots or dark spots.
Check for oil or fluid under car after it has been sitting a case of leak.
- Check if runs smooth without knocks especially when accelerating.
- Check transmission. Clutch should work smooth-not grabby. Check all gears includes reverse.
- Drive on rough road, up hill, on freeway.
- Drive through puddle of water then get out and check if rear wheels follow front wheels exactly, if not then probably been in an accident.
- Go at a good speed, brake and check to see if it pulls to one side or the other.
- Take to a reliable mechanic and ask them to look it over.

Other:

- Car Rental companies often sell cars that are six months old for good prices.
- Use cars very seldom have a warranty or guarantee.

5 tips for buying that new car

1 Learn the lowest cost

Get the Consumer Reports Wholesale Price

Here's the real key to your deal: you must find out what the dealer paid for the car so you can negotiate the price you'll pay for it. You have to find out this information for yourself and you have to be sure it's up-to-date and correct!

The best way to do this is to make a quick call to the Consumer Reports New Car Price Service. You'll be glad you did. New car buyers who use the service save \$2,200 on average. For a fee of just \$12, you receive a report by fax or mail that includes:

- The Consumer Reports Wholesale Price, including current national rebates, unadvertised incentives, and holdbacks;
- The "invoice" price (provided by the manufacturer to the dealer);
- The "sticker" price (what the dealer wants you to pay);
- Invoice and sticker prices of all factory installed options and packages; CONSUMER REPORTS equipment recommendations;
- Plus solid advice on buying or leasing your new car.

Can buying a new car be less of an ordeal for you?

We think so. If you arm yourself with knowledge and an organized plan, you'll get the car you want, equipped to your liking, at a fair price.

Expert advice from
David Champion,
Director of Auto Testing
and The Consumer Reports
New Car Price Service

2 Get ready to bargain

Your homework's done. It's all there in plain English with easy-to-follow information. The Consumer Reports Wholesale Price, along with the invoice and sticker price comparisons, give you a clear understanding of your negotiating room. You're ready.

3 Start bargaining

Always bargain up from the Consumer Reports Wholesale Price, never down from the sticker price. If the car you want is in tight supply, you may have to pay the full sticker price.

4 Play the game

The advice you receive with your report takes you through the hard part, negotiating a fair price. It takes you step-by-step through the

rest of the negotiating game with professional new-car buying advice, such as...*Be wary. The dealer may try to sell you undercoating, rustproofing, fabric protection, extended warranty, windshield etching, etc. They're generally worthless or overpriced.*

5 If you have a trade-in...

Don't even mention it until you've agreed on a price for your new car. But when it's time to talk trade-in, you should know what your trade-in is worth whether you sell it privately or to a dealership. You can get that information from us too and it costs just an additional \$10.

Detailed price information from Consumer Reports New Car Price Service, an organized plan and advice on playing the game. That's how to buy a new car.

Your best source for all that help is as near as your phone. Just call the number below:

1-800-205-2445

or order online:

ConsumerReports.org/carprices/new6

David Champion, about to put a car through its paces at our state-of-the-art test facility.



For quick results

Please have the following ready when you call:

- Year, make, and model of the new car; minivan, van, sport-utility vehicle, or pickup truck you want to buy (such as 2004 Ford Taurus sedan).
- Year, make, model, and trim line of your trade-in, if you have one. (e.g. 1995 Nissan Pathfinder 4WD LE).
- Your credit card (VISA, MasterCard, Discover, or American Express).

Consumer NEW CAR
PRICE SERVICE

AUTOMOBILE LOANS – WHAT DO I NEED TO KNOW?

Name _____

Date _____

	Total Points Earned
30	Total Points Possible
	Percentage

Directions: Complete the following questions during the PowerPoint presentation.

1. What are the first and second most expensive purchases for consumers? (2 points)
2. What is a common way for consumers to purchase automobiles? (1 point)
3. Is it less expensive in the long run to purchase an automobile with cash or take out a loan? (1 point)
4. Name at least three items which can affect credit rating. (3 points)
5. What is a cosigner? What happens to a cosigner if the original borrower does not make the payments? (1 point)
6. What is a lender? Name at least four lender options. (4 points)
7. What consumer rights act requires clear disclosure of key terms and all costs in lending agreements? (1 point)
8. Name two items lenders are required by law to disclose to consumers. (2 points)



9. Define negotiated price. (1 point)
10. What is usually required to purchase an automobile and paid at the time of purchase? (1 point)
11. What variable is dependent on the down payment and/or trade-in? (1 point)
12. Define the Annual Percentage Rate (APR). (1 point)
13. What measure is the time period of an auto loan usually expressed? (1 point)
14. Define total cost of the loan. (1 point)
15. Define total purchasing cost. (1 point)
16. The larger the down payment on an automobile, the _____ the principle loan amount.
(1 point)
17. The _____ the time period of the loan, the smaller the payments, but more _____ is paid. (2 points)
18. The _____ the APR, the more interest is paid and the _____ the total loan amount. (2 points)
19. List the three variables needed to calculate the cost of a loan. (3 points)



CALCULATING THE COST OF A LOAN

Name _____

Date _____

	Total Points Earned
24	Total Points Possible
	Percentage

Directions: To practice calculating the costs involved with an automobile loan, calculate and record the principal loan amount, monthly payment, interest paid, and total purchasing cost for each example below.

Changing the Down Payment: \$7,500 negotiated price, 8% APR, 3 years

1. Example #1 – \$1,000 down payment (4 points)

Principle loan amount: _____ Interest paid: _____
 Monthly payment: _____ Total purchasing cost: _____

2. Example #2 - \$2,500 down payment (4 points)

Principle loan amount: _____ Interest paid: _____
 Monthly payment: _____ Total purchasing cost: _____

Changing the APR: \$7,500 negotiated price, \$2,500 down payment, 3 years

3. Example #3 - 8% APR (4 points)

Principle loan amount: _____ Interest paid: _____
 Monthly payment: _____ Total purchasing cost: _____

4. Example #4 - 10% APR (4 points)

Principle loan amount: _____ Interest paid: _____
 Monthly payment: _____ Total purchasing cost: _____

Changing the Time Period: \$7,500 negotiated price, \$2,500 down payment, 8%APR

5. Example #5 – 3 years (4 points)

Principle loan amount: _____ Interest paid: _____
 Monthly payment: _____ Total purchasing cost: _____

6. Example #6 – 5 years (4 points)

Principle loan amount: _____ Interest paid: _____
 Monthly payment: _____ Total purchasing cost: _____



SHOPPING FOR AN AUTOMOBILE LOAN USING WEB SITE CALCULATORS

Name _____

Date _____

	Total Points Earned
35	Total Points Possible
	Percentage

Directions: Choose an automobile to purchase. Record the year, type, and price below. Go to www.bankrate.com to research auto loans. Compare five different lenders and complete the chart below. (1 point per cell) Answer the questions below the chart.

New or used, year, type, automobile price: (4 points)

Down payment (assume 10% of negotiated price): (1 point)

Principal loan amount: (1 point)

	Lender	APR	Time Period	Monthly Payment	Interest Paid
#1					
#2					
#3					
#4					
#5					

Choose and record the best loan option from above. (1 point)

List 3 reasons why the chosen loan would be the best option. (3 points)



Decision Making

Name _____

Hour _____

You are to make a major decision. (What college should I attend? What do I want to do for a living? Where will I live next year? What will I do for transportation?) **Be sure to fill in all the blanks.**

1. **Identify the Problem**

2. **Brainstorm possible solutions**

a. _____

b. _____

c. _____

d. _____

e. _____

3. **Explore and Evaluate** (Look at each possibility, then list its pros and cons.)

Pros

Cons

a. _____

b. _____

c. _____

d. _____

e. _____

4. **Make a Decision and Act on it** (Make the decision.)

What do you need to do now in order to begin acting upon this decision? _____

5. **Evaluate**

What will you do to evaluate this decision? _____

Consumer Law Notes

I. Consumer Bill of Rights (1964)

A. Right to Safety

FDA (Food and Drug Administration)

USDA (U.S. Department of Agriculture)

USCPSC (U.S. Consumer Product Safety Commission)

USDOT (U.S. Department of Transportation)

B. Right to be Informed

C. Right to Choose

D. Right to be Heard

- 1.
- 2.
- 3.
- 4.

Name _____

Consumer Research Report

Select an item you or a family member is interested in purchasing (phone, answering machine, luggage, radio, CD player, camera, cassette player, bike, sunglasses etc.) You can do anything except a car.

Item you researched _____

Reference:

What to Look For When Purchasing This Item:

Comparisons of Different Brands/Models:

Recommendations:

CASE STUDIES

Case Study #1

Mic Spike opened the door of the new automotive shop. He decided it must be a good store because there were so many people inside. His dad had sent him to get a case of oil and an oil filter for their car. He followed his dad's instructions on the brand to buy and was on his way to the check stand when he saw a display for a stereo system. It was marked with a big red sign that read, "This week only, \$349.00." Mic had wanted a stereo for a long time. He wasn't familiar with this brand, so he asked the salesperson some questions. She said it was an excellent buy--so good, in fact, that there were only two systems left. She also explained how he could easily charge it on a credit card and would only have to pay a few dollars each month. He thought a very short about the system and decided he couldn't pass it up. Soon he was on his way home with the stereo system tucked carefully in the trunk.

1. Do you think Mic will be satisfied with his purchase? Why or why not?
2. Why do you think he made this purchase?
3. Was Mic a wise consumer? Why or why not?
4. Mic made an impulse purchase. Have you ever bought anything on impulse? Did it turn out to be a good purchase?
5. What should Mic have done differently before purchasing a stereo system?

Case Study #2

Jaymee was totally distressed with her ancient phone. She had just redecorated her room and everything looked great--except the horrid looking phone that her grandparents had given her several years ago. She decided to spend some time comparing the quality, price, warranties, and features of phones. Finally, she made her decision, a "TEL-A-TALK" phone seemed to be the best phone for the money. It only had a 30-day warranty, but when she mentioned it to the salesperson, he told her he would extend the guarantee for a year. She was pleased and paid cash for the phone.

After three months the phone developed an annoying clicking sound. She took it back to the store only to find that the salesman that had promised the year warranty no longer worked there and the store would not extend the 30-day warranty.

1. What were Jaymee's rights?
2. What mistake did Jaymee make?
3. What should Jaymee do now?

PLANNED SPENDING

Read the following statements about planned spending. Circle T if the statement is true or F if the statement is false.

1. T F On the average, families in the United States spend about 50% of their income on food.
2. T F It costs more to feed a teenager than it does to feed a senior citizen.
3. T F All families with similar food needs spend the same amount of money on food.
4. T F As family income increases the use of staple foods, such as beans and rice, tends to increase.
5. T F Being able to recognize seasonal food values and choose quality meats and produce are important meal management skills.
6. T F A meal manager's available time and energy affect the family food budget.
7. T F A family that eats casseroles and canned goods will likely spend more on food than a family that eats steaks and fresh produce.
8. T F A family's value system does not affect spending.
9. T F A meal manager is responsible for staying within the family's household spending plan when buying food.
10. T F A budget is a plan for managing how money is spent.
11. T F Money received as tips, gifts and interest should usually not be included as sources of income in a budget.
12. T F Savings should be listed on a budget as a flexible expense.
13. T F Food and utility bills are examples of fixed expenses.
14. T F Flexible expenses are easier to adjust than fixed expenses.
15. T F Protein foods are the most costly group of foods.
16. T F During off seasons, canned and frozen fruits and vegetables are usually less expensive than fresh produce.
17. T F Small packages of food products are usually better buys than larger packages.
18. T F A meal manager may be able to save money by preparing more foods from scratch.
19. T F Restaurants, concession stands, and vending machines take a portion of a family's food dollar.
20. T F Overspending the food budget to stock up on sale items one week may enable a meal manager to underspend the next week.

REVERSE PSYCHOLOGY

AVOIDING GROCERY STORE GIMMICKS

Food marketers know what make us tick: They know the smell of fresh-baked bread will turn on customer appetites—and probably increase sales of baked goods and other foods. They know more candy will be sold if it's kept fingertip—close at the checkout stand.

How alert are you to the psychology of the supermarket? Grocery-store gimmicks can take a bite out of your food budget—but you can learn to reverse supermarket psychology. On the chart below, try to match the products on the left with the sales gimmick on the right.

- | | |
|--|--|
| _____ 1. milk and bread | a. "end-of aisle" display (but is it a sale?) |
| _____ 2. gourmet/fancy brands | b. on inconvenient high/low shelves |
| _____ 3. candy and magazines | c. on outside walls of the store |
| _____ 4. chips and dips | d. at the checkout counter (temptation while you wait) |
| _____ 5. fresh corn—4 for a dollar! | e. on eye-level shelves |
| _____ 6. a pyramid-shaped pile of cans | f. buy six and get a \$3 rebate (but do you need six) |
| _____ 7. a sample bite of pizza | g. shelved together for easy snacking |
| _____ 8. "bargain" cosmetics | h. a tasty morsel that says "Buy me!" |
| _____ 9. Generic/lower-priced brand | i. Dumped in a mid-aisle cart (but are prices really lower?) |
| _____ 10. a six-pack of videotapes | j. yeah, but you can buy one for a quart too! |
| _____ 11. bakery and deli | k. oh, the smell! (makes you hungry?) |

As you learn supermarket smarts, you'll add rules of your own for avoiding gimmicks and stretching your food dollars. A winning game will send you home with money in your pocket—not a bag full of impulse purchases!

Spending Your Food Dollar

"Almost everyone knows that steak costs more than hamburger; strawberries, when they are available, more than bananas; butter, more than margarine; Roquefort cheese, more than cottage cheese; and whipping cream, more than coffee cream. Therefore, the statement that the decision of what to serve for breakfast, lunch, and dinner determines how much money is spent for food is so obvious that it is ludicrous; yet some families fail to accept this fact. They would like to spend less for food, but wish to continue to eat what they want to eat; rarely can both be achieved."

To enhance your food shopping skills, get acquainted with the supermarket—the services it offers, the personnel and major sections—then put the food shopping basics in action.

Moving through the supermarket calls for special skills and awareness because of the variety of food and nonfood items available. The following tips apply specifically to supermarket shopping:

Supermarket Shopping Tips:

- Learn where things are in the stores where you shop frequently
- Shop systematically. . . up one aisle and down another to avoid backtracking or missing specials or items needed
- Ask for personal advice when you need it in self-service sections
- Handle merchandise with care and respect to help keep overhead down and control food prices
- Save time at checkout counters by having money or check ready, by unloading items with prices up and with multiple-priced things together
- Get to know your supermarket and department managers

In addition to one-stop shopping, modern supermarkets offer a variety of services to provide easy, convenient shopping for customers. Making the most of these services is one way to stretch food dollars and simplify food shopping. The following typical services may make shopping for food more convenient for you.

Supermarket services:

- check cashing
- free parking
- carry-out help
- express checkout counters
- convenient shopping hours
- bulletin board for use by customers
- recipes and product information services
- advice on quantity to buy and preparation techniques from meat section
- samples of new food products
- home economist services
- equipment rentals
- stores within the store including delicatessen, bakery, pharmacy, etc.
- unit pricing on all or some items packaged in nonstandard sizes
- open dating on perishable items

Sound food buying practices begin with personal and family needs. While every family is different, basic needs are illustrated below:

Family Size & Makeup

Food & Preferences & Time & Skills

Basic Family Needs

Life Style & Money

Family Needs

Food preferences – What foods does the entire family enjoy?

Family Size and Makeup – How large is the family? How old are the youngsters?

Time and Skills – What are the homemaker's activities? Does he/she enjoy cooking?

Money – What is the family income? How much is the family willing to spend for food?

Life Style – What is the family's mode of living? Does the family entertain guests frequently?

Planned purchasing is the next step in smart buymanship. In buying foods this means planning menus and a shopping list.

Plan menus, keeping in mind the following factors:

- Family Needs
- Good Nutrition
- Variety and Appetite Appeal
- Wise Use of Leftovers

A shopping list saves time, helps control spending and avoids omitting items. Some tips for preparing a shopping list include:

- Keeping the list handy in the kitchen to write down items needed as foods and supplies run short.
- Checking both staples and the week's menus before going to the store to be sure all items needed are on the list.
- Organizing the list according to major sections in the store to save shopping time and avoid forgetting items.
- Adding specials advertised in the newspaper to the list when the prices are advantageous and the items fit into the over-all food plan.

Skillful shopping is the key to getting value for food dollars. The following set of skills applies specifically to buying foods.

Basics:

- Use a shopping list as a guide, but be flexible.
- Buy seasonal foods in season.
- Take advantage of low prices and specials or other price reductions.
- Buy the quantity best suited to needs and storage facilities.
- Buy the quality of food best suited to the intended use.
- Compare the costs five ways:
 - 1) different brands, grades of quality
 - 2) foods in different forms such as canned, frozen, fresh, dried
 - 3) different stores
 - 4) similar foods as pears vs. peaches or rolls vs. bread
 - 5) built-in convenience vs. made-from-scratch
- Read labels to determine contents, quantity, number of servings, preparation instructions, serving suggestions and other useful facts.
- Learn the desirable characteristics or features to look for in different types of food.
- Check condition of package or container.
- Consider cost per serving and amount of waste such as bones.
- Buy by the ounce or pound in foods where there is no waste.
- Figure costs of ingredients added to convenience foods.
- Store foods properly.
- Develop price awareness.

How, Where and When to Shop

Buying in quantity is the least expensive providing you have a need for the particular product. Large sizes usually give more value per ounce of food than smaller containers.

Where you shop affects the value you receive for the money spent. Prices vary among different stores so you must evaluate the relative merits of different stores and the convenience of their services.

When you shop will depend on your schedule of activities and amount of free time. Shopping when stores are well stocked and offer good buys is recommended.

Storing Food

Proper food storage prevents spoilage, and preserves the nutritive value, flavor and appearance of food. Food spoilage represents wasted money and can be one of the reasons for failure to keep spending within what your food budget will allow.

UNIT PRICING NOTES

It is to your advantage to understand unit pricing for a number of reasons:

1. You can

For example:

2. With unit

For example:

3. You can

For example:

You may not always _____ the most _____ product for a number of reasons,

but when you are aware of _____,

you can make _____ about your purchases.

UNIT PRICING PRACTICE

Directions: Figure the unit price for each of the following items by dividing the price by the number of ounces or pounds. The first example is already completed for you.

FLOUR

1. 13.8 /lb. 5 lbs. for \$.69
2. 11.9 /lb. 10 lbs. for \$1.19
3. 7.6 /lb 25 lbs for \$1.89

CANNED GREEN BEANS

4. _____ one 16 oz. can for \$.35
5. _____ four 16 oz. cans for \$1.25
6. _____ four 17 oz. cans for \$.95

POTATOES

7. _____ 3 lbs. for \$.49
8. _____ 10 lbs. for \$.65
9. _____ 20 lbs. for \$.99

CEREAL

10. _____ 12 oz. for \$.35
11. _____ 18 oz. for \$.99
12. _____ 16 oz. for \$.87

APPLESAUCE

13. _____ four 17 oz. cans for \$.95
14. _____ five 17 oz. cans for \$1.00
15. _____ five 15 oz. cans for \$1.00

LIQUID DETERGENT

16. _____ 22 oz. for \$.39
17. _____ 32 oz. for \$.65
18. _____ 51 oz. for \$.99

Directions: Answer these questions after reading the article entitled "Food Fight".

Article: Food Fight

- 1. Who are supermarkets major competitors now?
- 2. What are the most common complaints consumers have about supermarkets?
- 3. What are the pros and cons of shopping at a regular supermarket?
Pros: _____ Cons: _____
- 4. What are the pos and cons of shopping at a super center?
Pros: _____ Cons: _____
- 5. What are the pros and cons of shopping at a warehouse club?
Pros: _____ Cons: _____
- 6. Store brand products are about what percentage lower in price than comparable national brand product?
- 7. Why don't people use the Internet for grocery shopping as much as one might expect?
- 8. List three grocery store sales strategies that entice you to buy more.
 - 1.
 - 2.
 - 3.
- 9. Where is the prime selling space in the supermarket?
- 10. List five things you learned from this article that will make you a more informed shopper.
 - 1.
 - 2.
 - 3.
 - 4.
 - 5.

Test Your Supermarket IQ

Do your eyes glaze over at the mere thought of wandering up and down the aisles of your supermarket? Or are you the kind of person who can "shop 'till you drop"? Either way, you'll enjoy testing your supermarket savvy below.

Circle the answer you think is right. Give yourself one point for each correct answer. A score of:

- 3 or less means you should enter a supermarket at your own risk!
- 4 to 6 means you've graduated from the mini-mart to the chain store.
- 7 or over indicates that you have "supermarket smarts."

1. The best time to go shopping is:
 - a. when you're hungry
 - b. after you've eaten
 - c. when you have nothing to do
2. A well-planned shopping list is primarily to help you:
 - a. shop faster
 - b. think on your feet
 - c. avoid impulse buying
3. You save money by going to the store:
 - a. every day
 - b. once each week with drop-in visits to buy fresh food
 - c. when you run out of everything
4. You save money by "shopping the walls" because you:
 - a. are in the store less time
 - b. primarily purchase basic food items
 - c. buy mostly expensively packaged, highly processed foods
5. A "hypermarket" is a:
 - a. store that specializes in non-food items
 - b. large store that sells groceries as well as household goods and clothing
 - c. store that makes you feel nervous and rushed
6. A food that is advertised as "natural":
 - a. is always free of fat, salt, and sugar
 - b. is always free of additives and preservatives
 - c. has only ingredients that are derived from plant and animal sources
7. When a product is advertised as "cholesterol-free," it:
 - a. is always free of fats that raise cholesterol levels in the blood
 - b. is free of animal products
 - c. requires careful reading of the label to determine actual fat content
8. Ingredients are listed on the product label:
 - a. alphabetically
 - b. in order of importance
 - c. by weight, in descending order—according to what the product has most of
9. The "Giant" size product is:
 - a. always the best buy for everyone
 - b. not the best choice if you rarely use the item or have insufficient storage space
 - c. not a good choice for people who don't like to carry heavy bags

STORE VS. NAME BRAND COMPARISON WORKSHEET

Name _____

Date _____

	Total Points Earned
60	Total Points Possible
	Percentage

Directions: Complete the following charts with the information found at the stations around the room.
Remember to fill in the product name next to the name brand and store brand.

Station #1 (example) Product: _____

Product Name:	Store Brand:	Name Brand:
Cost:		
Quantity:		
Cost per serving:		
Ingredients: (at least 3)		
Label appeal:		
Appearance of product:		

Station #2 (15 points) Product: _____

Product Name:	Store Brand:	Name Brand:
Cost:		
Quantity:		
Cost per serving:		
Ingredients: (at least 3)		
Label appeal:		
Appearance of product:		



Station #3 (15 points) Product: _____

Product Name:	Store Brand:	Name Brand:
Cost:		
Quantity:		
Cost per serving:		
Ingredients: (at least 3)		
Label appeal:		
Appearance of product:		

Station #4 (15 points) Product: _____

Product Name:	Store Brand:	Name Brand:
Cost:		
Quantity:		
Cost per serving:		
Ingredients: (at least 3)		
Label appeal:		
Appearance of product:		

Station #5 (15 points) Product: _____

Product Name:	Store Brand:	Name Brand:
Cost:		
Quantity:		
Cost per serving:		
Ingredients: (at least 3)		
Label appeal:		
Appearance of product:		

ATTITUDES ABOUT MONEY

	Total Points Earned
	Total Points Possible
	Percentage

Name _____

Date _____

Directions: Complete the following statements by writing the first thing that comes to mind.

1. If I could spend \$1,000.00, I would...
2. Rich People...
3. The most important thing money does for me is...
4. When I am broke I feel...
5. Saving money...
6. Credit should be used...
7. If I have extra money, I...
8. When I buy jeans, I look for...
9. I would like to save money for...
10. Budgeting is...
11. A hand crafted gift is...



Jason and Steven – Both save at 12% - Both save \$2,000 per year

Jason starts at age 19 and STOPS at age 26!

Steven starts at age 27 and stops at 65...

19	2,000	2,240	0	0
20	2,000	4,749	0	0
21	2,000	7,558	0	0
22	2,000	10,706	0	0
23	2,000	14,230	0	0
24	2,000	18,178	0	0
25	2,000	22,599	0	0
26	2,000	27,551	0	0
27	0	30,857	2,000	2,240
28	0	34,560	2,000	4,749
29	0	38,708	2,000	7,558
30	0	43,352	2,000	10,706
31	0	48,554	2,000	14,230
32	0	54,381	2,000	18,178
33	0	60,907	2,000	22,599
34	0	68,216	2,000	27,551
35	0	76,802	2,000	33,097
36	0	85,570	2,000	39,309
37	0	95,383	2,000	46,266
38	0	107,339	2,000	54,058
39	0	120,220	2,000	62,785
40	0	134,646	2,000	72,559
41	0	150,804	2,000	83,506
42	0	168,900	2,000	95,767
43	0	189,168	2,000	109,499
44	0	211,869	2,000	124,879
45	0	237,293	2,000	142,104
46	0	265,768	2,000	161,396
47	0	297,660	2,000	183,004
48	0	333,379	2,000	207,204
49	0	373,385	2,000	234,308
50	0	418,191	2,000	264,665
51	0	468,374	2,000	298,665
52	0	524,579	2,000	336,745
53	0	587,528	2,000	379,394
54	0	658,032	2,000	427,161
55	0	736,995	2,000	480,660
56	0	825,435	2,000	540,579
57	0	924,487	2,000	607,688
58	0	1,035,425	2,000	682,851
59	0	1,159,676	2,000	767,033
60	0	1,298,837	2,000	861,317
61	0	1,454,698	2,000	966,915
62	0	1,629,261	2,000	1,085,185
63	0	1,824,773	2,000	1,217,647
64	0	2,043,746	2,000	1,366,005
65	0	2,288,996	2,000	1,532,166

... AND HE NEVER CAUGHT UP!

START NOW!!!

Tax Simulation

/50

Instructions:

1. Go to the following website as listed below. (Make sure and type it exactly in order for it to work.)
http://www.irs.gov/app/understandingTaxes/jsp/s_student_simulations.jsp
2. You will be completed the simulation for five individuals. Make sure and read the simulation instructions carefully! You will be able to find the needed information, including various forms, by locating the tab at the bottom of the simulation. Refer to these as needed.
 - ✓ Sim 1: Cicley King
 - ✓ Sim 5: Joshua Bell
 - ✓ Sim 10: Jacob Hastings
 - ✓ Sim 11A: Madison Mailey
 - ✓ Sim 12B: James King
3. You must **complete all steps** in each Module.
4. Copy and paste the last page of the last step of each simulation in to a Microsoft Word Document. When you are finished with the last simulation. **Print off the Microsoft Word Document with your name and period on it.**

Student Home

You've heard of reality TV. Now it's reality taxes! Apply what you've learned by putting yourself in the shoes of 18 different taxpayers while you explore the ins and outs of filing tax returns electronically!



Lawrence Red Owl

Sim 1: Completing Form W-4



Cicely King

Sim 2: Using Your W-2 to File Your 1040EZ



Tasha Miller

Sim 3: Using Your W-2 and Form 1099-INT to File Your 1040EZ



Michael Brand

Sim 4A: Identifying Dependents as a Single Taxpayer



Samantha Nichols

Sim 4B: Identifying Dependents as a Single Taxpayer with Children



Sandya Prashad

Sim 4C: Identifying Dependents



Joshua Bell

Sim 5: Identifying Filing Status and Dependents



Alicia Garcia

Sim 6: Identifying Filing Status, Dependents, and Exemptions




Tax Information

W-4	W-2	1040EZ	1040A	1040
<div data-bbox="516 1726 560 1782">I-9</div> <div data-bbox="771 1671 815 1837">1099-DIV</div> <div data-bbox="1026 1671 1070 1837">1099-INT</div>				

Family Economics & Financial Education


UNDERSTANDING YOUR PAYCHECK AND TAX FORMS



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WHERE DOES MY MONEY GO?

- Almost 31% of an individual's paycheck is deducted
 - Taxes are the largest expense most individuals will have
 - Therefore, it is important to understand the systematic deductions
- U.S. tax system operates on an ongoing payment system
 - Taxes are immediately paid on income earned




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PAYING EMPLOYEES

Three methods employers may use to
pay employees:

I. Paycheck-

- Most common method
- Employee responsible for handling the paycheck
- Immediately see payroll stub and deductions



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PAYING EMPLOYEES CONTINUED

2. Direct Deposit-

- Employers directly deposit employee's paycheck into the authorized employee's bank account
- Employee receives the paycheck stub detailing the paycheck deductions
- Most secure because there is no direct handling of the check
- Employee knows exactly when paycheck will be deposited and available

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PAYING EMPLOYEES CONTINUED

3. Payroll Card-

- A payroll card electronically carries the balance of the employee's net pay
- Funds are directly deposited by an employer into an account at a financial institution that is linked to the payroll card
 - Parties involved:
 - » Employer
 - » Employee
 - » Financial institution
- Use the payroll card for ATM withdrawals or to make purchases

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PAYROLL CARD



- There are numerous fees associated with payroll cards
 - Number of fees depends upon the financial institution
 - Examples:
 - Monthly or annual fee
 - ATM fee
 - Inactivity fee
 - Fee after a specific number of transactions have been used
 - Replacement fee if the card is lost, stolen, or destroyed
 - Load fee (when funds are placed on the card account)
 - Point of sale (POS) fee for using the card at a POS terminal, or an electronic payment processor

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BENEFITS OF USING PAYROLL CARDS

- **Employers**
 - Lower internal costs
 - Costs associated with producing, handling, and distributing pay checks is eliminated
- **Employees**
 - Safer than carrying large amounts of cash
 - Unbanked employees do not have to pay check cashing fees
 - Americans roughly spend \$8 billion annually in check cashing fees
 - Can access electronic monthly statement of transactions
 - Can receive a second card
 - Give allowances to children
 - Send money internationally
 - Easily make online purchases

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CONSUMER PROTECTION WITH PAYROLL CARDS

- **Regulation E – Electronic Fund Transfer Act**
 - Protects payroll card holder from fraudulent charges on lost or stolen cards
 - Card holder is only liable for \$50 if a lost or stolen card is reported within 48 hours
 - Over four million paychecks are stolen annually with no protection to employees
 - Regulation E provides exceptional safety and protection for payroll card holders

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PROGRESSIVE VS. REGRESSIVE TAXES

- **Taxes** – Compulsory charges imposed on citizens by local, state, and federal governments
 - Used to provide public goods and services
 - Largest amount of taxes a person pays is on his/her income
- **Progressive Taxes** – Take a larger percentage of income from high income taxpayers
 - Examples are State and Federal taxes
- **Regressive Taxes** – As income rises, the taxes remain the same or decrease
 - Higher income taxpayers are proportionally charged less
 - Examples are Medicare, Social Security, and state sales taxes

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TAXES CONTINUED

- **Internal Revenue Service (IRS)** – Collects federal taxes, issues regulations, and enforces tax laws written by the United States Congress



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STARTING A NEW JOB

To receive a paycheck, an employee must:

- Complete a Form W-4
 - Employee's Withholding Allowance Certificate
- Complete a Form I-9
 - Employment Eligibility Verification



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FORM W-4

Employee's Withholding Allowance Certificate

- Determines the percentage of gross pay which will be withheld for taxes
- **Allowances**
 - Used to determine the amount of federal taxes withheld from the paycheck
 - A person may claim a personal allowance if no one else claims the person as a dependent
 - **Dependent** – a person who relies on the taxpayer for financial support

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STEPS TO COMPLETING A FORM W-4

- Print or type legal name on **Line 1** and home address directly below the name
- Write social security number on **Line 2**
- On **Line 3**, check the appropriate box to indicate marital status
- Enter a zero on **Line 5** if not claiming any allowances
- Sign name and date the form before giving it to the employer
- Keep a copy for personal records

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FORM I-9

Employment Eligibility Verification Form

- Used to verify the eligibility of individuals to avoid hiring undocumented workers or others who are not eligible to work in the United States
- Must provide documentation which establishes identity and employment eligibility
 - Examples include driver's license, passport, Social Security card, and birth certificate

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FORM W-2

Wage and Tax Statement

- States the amount of money earned and taxes paid throughout the previous year
- Used to file income taxes
- By January 31, an employer should mail a Form W-2 to each employee for the previous year

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Family Economics & Financial Education

READING A PAYCHECK



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PAYCHECK STUB

Our Sample				
Employee Bendson, Joe	SSN 301-92-4536	Check # 104	Check Amount \$1,020.00	
Employee Address 201 Midland Green Baltimore, MT 37012				
Pay Type Gross Pay	Deductions	Cumulative	Year-to-date	
\$1,212.33	Federal Withholding State Withholding Fed. (CA/DC/DE) or Social Security Fed. (ME/VT) or Medicare Medicaid 401K	\$106.00 \$45.82 \$13.91 \$19.62 \$0.00 \$0.00	\$103.46 \$117.72 \$636.00 \$244.92 \$0.00 \$0.00	
	Taxes	\$200.33	\$1,202.00	
Pay Period 8/11/2009-7/31/2010				

Paycheck Stub

- A document included each pay period which outlines paycheck deductions

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PERSONAL INFORMATION

Our Sample				
Employee Bendson, Joe	SSN 301-92-4536	Check # 104	Check Amount \$1,020.00	
Employee Address 201 Midland Green Baltimore, MT 37012				
	Pay Type Gross Pay	Deductions	Cumulative	Year-to-date
	\$1,212.33	Federal Withholding	\$106.00	\$503.46
		State Withholding	\$45.82	\$117.72
		Fed (CA/DC/DE) or Social Security	\$13.91	\$536.00
		Fed (ME/VT) or Medicare	\$19.62	\$244.92
		Medicaid	\$0.00	\$0.00
		401K	\$0.00	\$0.00
		Taxes	\$200.33	\$1,002.00
Pay Period 8/11/2009-7/31/2010				

Personal Information

- States the employee's full name, address, and social security number
- Always check to ensure this information is correct

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1.13.1.G1

PAY PERIOD

Ex-18a-G1				
Employee	DTI	Check #	Check Amount	
Stephene Bedens, Jr.	201-92-4836	164	\$1,812.00	
Employee Address: 203 Midland Green Bellevue, MT 59712				
Pay Type	Deductions	Gross	Year-to-date	
\$1,353.33	Federal Withholding State Withholding Fed CARET/SEE or Social Security Fed MED/SEE or Medicare Mileage 401K	\$136.00 \$40.82 \$80.91 \$19.62 \$0.00 \$0.00	\$1,812.00 \$1,177.72 \$666.00 \$284.92 \$0.00 \$0.00	
	Totals	\$200.33	\$1,812.00	
Pay Period 6/11/2004-7/11/2004				

Pay Period

- The length of time for which an employee's wages are calculated; most are weekly, bi-weekly, twice a month, or monthly
- The last day of the pay period is not always payday to allow a business to accurately compute wages

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1.13.1.G1

GROSS PAY

Ex-18a-G1				
Employee	DTI	Check #	Check Amount	
Stephene Bedens, Jr.	201-92-4836	164	\$1,812.00	
Employee Address: 203 Midland Green Bellevue, MT 59712				
Pay Type	Deductions	Gross	Year-to-date	
\$1,353.33	Federal Withholding State Withholding Fed CARET/SEE or Social Security Fed MED/SEE or Medicare Mileage 401K	\$136.00 \$40.82 \$80.91 \$19.62 \$0.00 \$0.00	\$1,812.00 \$1,177.72 \$666.00 \$284.92 \$0.00 \$0.00	
	Totals	\$200.33	\$1,812.00	
Pay Period 6/11/2004-7/11/2004				

Gross Pay

- The total amount of money earned during a pay period before deductions
 - This is calculated by multiplying the number of hours worked by the hourly rate
 - If a person is on **salary**, it is the total salary amount divided by the specified time period

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1.13.1.G1

NET PAY

Ex-18a-G1				
Employee	DTI	Check #	Check Amount	
Stephene Bedens, Jr.	201-92-4836	164	\$1,611.67	
Employee Address: 203 Midland Green Bellevue, MT 59712				
Pay Type	Deductions	Gross	Year-to-date	
\$1,353.33	Federal Withholding State Withholding Fed CARET/SEE or Social Security Fed MED/SEE or Medicare Mileage 401K	\$136.00 \$40.82 \$80.91 \$19.62 \$0.00 \$0.00	\$1,812.00 \$1,177.72 \$666.00 \$284.92 \$0.00 \$0.00	
	Totals	\$200.33	\$1,812.00	
Pay Period 6/11/2004-7/11/2004				

Net Pay

- The amount of money left after all deductions have been withheld from the gross pay earned in the pay period

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1.13.1.G1

DEDUCTIONS

Ex-18a-G1				
Employee	DTI	Check #	Check Amount	
Stephene Bedens, Jr.	201-92-4836	164	\$1,611.67	
Employee Address: 203 Midland Green Bellevue, MT 59712				
Pay Type	Deductions	Gross	Year-to-date	
\$1,353.33	Federal Withholding State Withholding Fed CARET/SEE or Social Security Fed MED/SEE or Medicare Mileage 401K	\$136.00 \$40.82 \$80.91 \$19.62 \$0.00 \$0.00	\$1,812.00 \$1,177.72 \$666.00 \$284.92 \$0.00 \$0.00	
	Totals	\$200.33	\$1,812.00	
Pay Period 6/11/2004-7/11/2004				

Deductions

- The amount of money subtracted from the gross pay earned for mandatory systematic taxes, employee sponsored medical benefits, and/or retirement benefits

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1.13.1.G1

FEDERAL WITHHOLDING TAX

Ex-18a-G1				
Employee	DTI	Check #	Check Amount	
Stephene Bedens, Jr.	201-92-4836	164	\$1,611.67	
Employee Address: 203 Midland Green Bellevue, MT 59712				
Pay Type	Deductions	Gross	Year-to-date	
\$1,353.33	Federal Withholding State Withholding Fed CARET/SEE or Social Security Fed MED/SEE or Medicare Mileage 401K	\$136.00 \$40.82 \$80.91 \$19.62 \$0.00 \$0.00	\$1,812.00 \$1,177.72 \$666.00 \$284.92 \$0.00 \$0.00	
	Totals	\$200.33	\$1,812.00	
Pay Period 6/11/2004-7/11/2004				

Federal Withholding Tax

- The amount required by law for employers to withhold from earned wages to pay taxes
- The amount of money deducted depends on the amount earned and information provided on the Form W-4
- Largest deduction withheld from an employee's gross income

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1.13.1.G1

STATE WITHHOLDING TAX

Ex-18a-G1				
Employee	DTI	Check #	Check Amount	
Stephene Bedens, Jr.	201-92-4836	164	\$1,611.67	
Employee Address: 203 Midland Green Bellevue, MT 59712				
Pay Type	Deductions	Gross	Year-to-date	
\$1,353.33	Federal Withholding State Withholding Fed CARET/SEE or Social Security Fed MED/SEE or Medicare Mileage 401K	\$136.00 \$40.82 \$80.91 \$19.62 \$0.00 \$0.00	\$1,812.00 \$1,177.72 \$666.00 \$284.92 \$0.00 \$0.00	
	Totals	\$200.33	\$1,812.00	
Pay Period 6/11/2004-7/11/2004				

State Withholding Tax

- The percentage deducted from an individual's paycheck to assist in funding government agencies within the state
- The percentage deducted depends on the amount of gross pay earned

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1.13.1.01

FICA (FEDERAL INSURANCE CONTRIBUTION ACT)

Pay Stub				
Employee	SSN	Check #	Check Amount	
Employee: Jee	201-924836	104	\$1,020.00	
Employee Address:	201 Midland Green Bldg., MT 39002			
Pay Type	Deductions	Current	Year-to-date	
\$1,353.33	Federal Withholding	\$196.00	\$503.40	
	State Withholding	\$40.82	\$117.72	
	Fed OASDI/EE or Social Security	\$80.91	\$606.00	
	Fed MED/EE or Medicare	\$19.62	\$284.92	
	Medical	\$0.00	\$0.00	
	401K	\$0.00	\$0.00	
	Total	\$236.35	\$1,020.00	
Pay Period 6/11/2004-7/11/2004				

FICA

- This tax includes two separate taxes: Fed OASDI/EE or Social Security and Fed MED/EE or Medicare
- These two taxes can be combined as one line item or itemized separately on a paycheck stub

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1.13.1.01

SOCIAL SECURITY

Pay Stub				
Employee	SSN	Check #	Check Amount	
Employee: Jee	201-924836	104	\$1,020.00	
Employee Address:	201 Midland Green Bldg., MT 39002			
Pay Type	Deductions	Current	Year-to-date	
\$1,353.33	Federal Withholding	\$196.00	\$503.40	
	State Withholding	\$40.82	\$117.72	
	Fed OASDI/EE or Social Security	\$80.91	\$606.00	
	Fed MED/EE or Medicare	\$19.62	\$284.92	
	Medical	\$0.00	\$0.00	
	401K	\$0.00	\$0.00	
	Total	\$236.35	\$1,020.00	
Pay Period 6/11/2004-7/11/2004				

Social Security

- Nation's retirement program, helps provide retirement income for elderly and pays disability benefits
- Based upon a percentage (6.2%) of gross income, employer matches the contribution made by the employee

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1.13.1.01

MEDICARE

Pay Stub				
Employee	SSN	Check #	Check Amount	
Employee: Jee	201-924836	104	\$1,020.00	
Employee Address:	201 Midland Green Bldg., MT 39002			
Pay Type	Deductions	Current	Year-to-date	
\$1,353.33	Federal Withholding	\$196.00	\$503.40	
	State Withholding	\$40.82	\$117.72	
	Fed OASDI/EE or Social Security	\$80.91	\$606.00	
	Fed MED/EE or Medicare	\$19.62	\$284.92	
	Medical	\$0.00	\$0.00	
	401K	\$0.00	\$0.00	
	Total	\$236.35	\$1,020.00	
Pay Period 6/11/2004-7/11/2004				

Medicare

- Nation's health care program for the elderly and disabled, provides hospital and medical insurance to those who qualify
- Based upon a percentage (1.45%) of gross income

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MEDICAL

Pay Stub				
Employee	SSN	Check #	Check Amount	
Employee: Jee	201-924836	104	\$1,020.00	
Employee Address:	201 Midland Green Bldg., MT 39002			
Pay Type	Deductions	Current	Year-to-date	
\$1,353.33	Federal Withholding	\$196.00	\$503.40	
	State Withholding	\$40.82	\$117.72	
	Fed OASDI/EE or Social Security	\$80.91	\$606.00	
	Fed MED/EE or Medicare	\$19.62	\$284.92	
	Medical	\$0.00	\$0.00	
	401K	\$0.00	\$0.00	
	Total	\$236.35	\$1,020.00	
Pay Period 6/11/2004-7/11/2004				

Medical

- The amount taken from the employee's paycheck for medical benefits
- Occurs when the employer has a medical plan for employees but does not pay full coverage for his/her benefits

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1.13.1.01

RETIREMENT PLAN

Pay Stub				
Employee	SSN	Check #	Check Amount	
Employee: Jee	201-924836	104	\$1,020.00	
Employee Address:	201 Midland Green Bldg., MT 39002			
Pay Type	Deductions	Current	Year-to-date	
\$1,353.33	Federal Withholding	\$196.00	\$503.40	
	State Withholding	\$40.82	\$117.72	
	Fed OASDI/EE or Social Security	\$80.91	\$606.00	
	Fed MED/EE or Medicare	\$19.62	\$284.92	
	Medical	\$0.00	\$0.00	
	401K	\$0.00	\$0.00	
	Total	\$236.35	\$1,020.00	
Pay Period 6/11/2004-7/11/2004				

Retirement Plan

- The amount an employee contributes each pay period to a retirement plan
- A specified percentage of the contribution is often matched by the employer
- May be a 401K, a state, or local retirement plan

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1.13.1.01

YEAR-TO-DATE

Pay Stub				
Employee	SSN	Check #	Check Amount	
Employee: Jee	201-924836	104	\$1,020.00	
Employee Address:	201 Midland Green Bldg., MT 39002			
Pay Type	Deductions	Current	Year-to-date	
\$1,353.33	Federal Withholding	\$196.00	\$503.40	
	State Withholding	\$40.82	\$117.72	
	Fed OASDI/EE or Social Security	\$80.91	\$606.00	
	Fed MED/EE or Medicare	\$19.62	\$284.92	
	Medical	\$0.00	\$0.00	
	401K	\$0.00	\$0.00	
	Total	\$236.35	\$1,020.00	
Pay Period 6/11/2004-7/11/2004				

Year-to-Date

- Total of all of the deductions which have been withheld from an individual's paycheck from January 1 to the last day of the pay period indicated on the paycheck stub

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W-4: Employee's Withholding Allowance Certificate: This Form is used to claim allowances- filled out before you start a job

I-9: Verifies you are legal to work in the United States- filled out before you start a job

W-2: Wage and Tax Statement- This form states the amount of money you made from calendar year (January 1st- December 31st), it also states what money was withheld for Social Security, Medicare, Federal and State Taxes. Employers should send the W-2 form by January 31st of the next year. You will receive a W-2 for every job you had during the year.

1099-DIV: This is a form that your financial institution will send you if you earned dividends on any investment accounts. Use it to report your dividend income.

1099-INT: This if a form that your financial institution will send you if you earned interest on any accounts. Use it to report your interest income.

1040EZ You may qualify to use Form 1040EZ, the simplest form, if:

- Your taxable income is below \$100,000
- Your filing status is Single or Married Filing Jointly
- You are under age 65
- You are not claiming any dependents
- Your interest income is \$1,500 or less

1040A You may be able to use Form 1040A if:

- Your taxable income is below \$100,000
- You have capital gain distributions
- You claim certain tax credits
- You claim deductions for IRA contributions, student loan interest, educator expenses or higher education tuition and fees

1040 If you cannot use either a 1040EZ or 1040A, you probably need to use Form 1040. You must file form 1040 if:

- Your taxable income is \$100,000 or more
- You claim itemized deductions
- You are reporting self-employment income
- You are reporting income from sale of property

○ Tax Deadline is April 15th, W-2 forms mailed out by January 31st

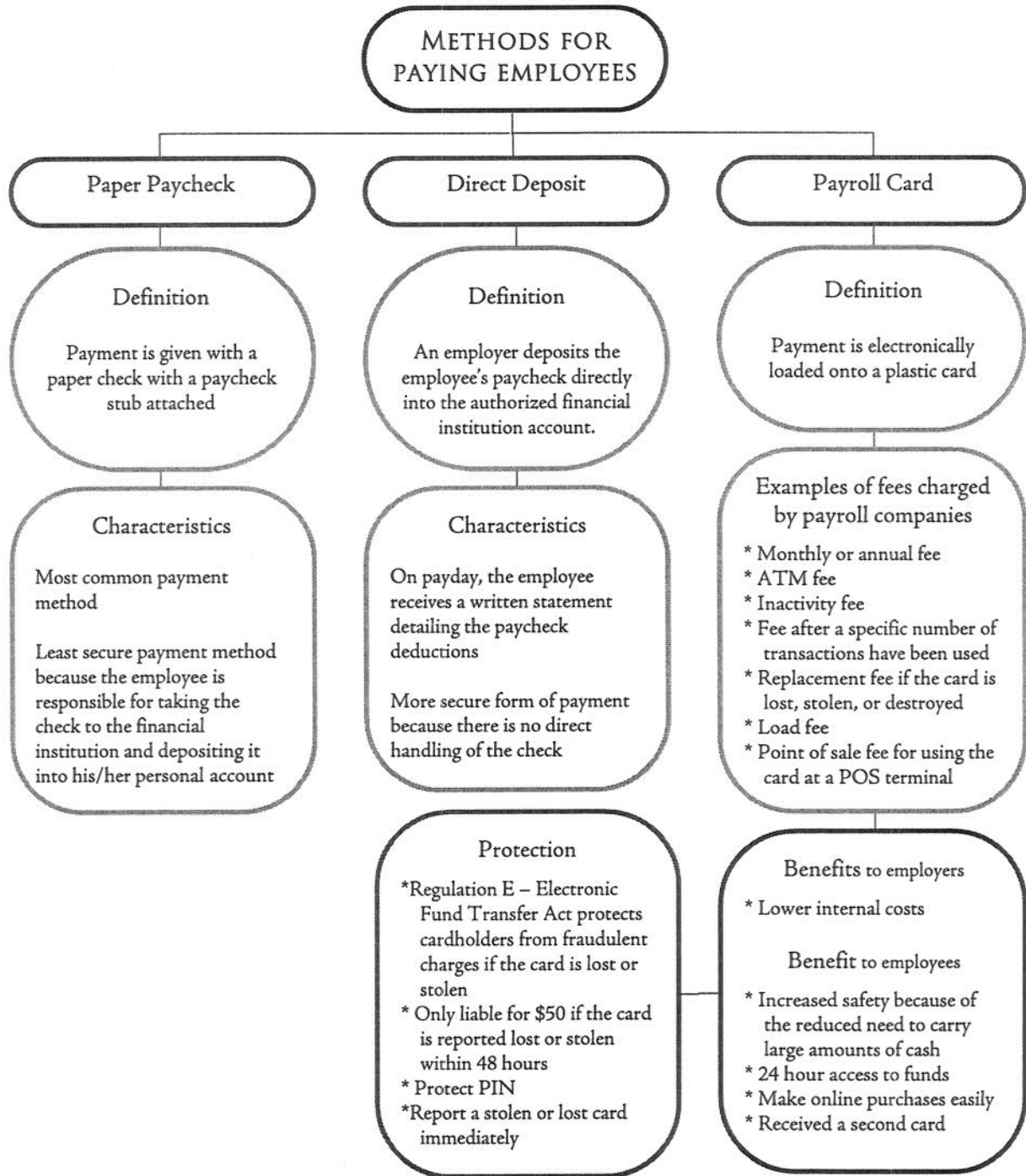
○ Places to do taxes

- CPA, Accountant
- Tax Prepares, ex. H&R Block, Liberty Tax
- Computer Programs- Turbo Tax
- Do it Yourself!

○ Places to find forms in order to file:

- Library
- Post office
- Mailed to you
- Computer Programs & Accountants have forms
- Online- irs.gov

ANSWER KEY



TAXES

Taxes: Compulsory charges imposed on citizens by local, state, and federal governments. The money is used to provide public goods and services.

Internal Revenue Service: The government agency that collects federal taxes.

Progressive taxes: The more a person earns the more progressive taxes he/she pays. Progressive taxes take a large percentage of income from high income taxpayers. State and federal taxes are based upon a progressive tax structure.

Regressive taxes: Not based upon ones' ability to pay. As income rises, the taxes remain the same or decrease, meaning higher income taxpayers are proportionally charged less. Medicare and Social Security are examples of a regressive tax.

What public services and goods in your community are funded with tax dollars?

Answers will vary.

Who writes tax laws?

United States Congress

EMPLOYMENT FORMS

Form W-4: Employee's Withholding Allowance Certificate. The information provided on this form determines the percentage of gross pay to be withheld for taxes. Regardless of the job, every new employee will be asked to complete a Form W-4 when they begin a new job.

- **Allowance:** Used to determine the amount of federal taxes withheld for from the paycheck. The number of allowances a person claims should result in the amount of federal income tax being withheld to be about equal to his/her federal income tax liability.
- **Dependent:** A person who relies on the taxpayer for financial support, like a child or nonworking adult.

Form I-9: Employment Eligibility Verification form. The information gathered in this form is for employers to verify the eligibility of individuals for employment thereby avoiding hiring undocumented workers or others who are not eligible to work in the United States. All employees, citizens, and non-citizens must complete a Form I-9 at the time of hire.

- **Examples of documentation:** passport, driver's license, U.S. Military card, and social security card.

Form W-2: Wage and Tax Statement. It states the amount of money earned and taxes paid throughout the previous year. The Form W-2 is used to file taxes. By January 31, an employer should mail a Form W-2 to each employee for the previous year.

Why is it important for working teenagers and young adults to communicate with their parents or guardians to determine if they are claimed as a dependent?

So they are not claimed twice – on their parent's W-4 as a dependent and on their W-4 as an allowance.



READING A PAYCHECK STUB

Paycheck stub: lists the paycheck deductions as well as other important information

Personal Information: the employee's full name, address, and social security number

Gross Pay: the total amount of money earned during the pay period before deductions

Net Pay: the amount of money left after all deductions have been taken from the gross pay earned in a pay period

Deductions: the amount of money subtracted or deducted from the gross pay for mandatory systematic taxes, employee sponsored medical benefits, and/or retirement benefits

If Thomas earned \$6.00 per hour, and worked 15 hours this pay period, what would his gross pay be?

$$\$6.00 \text{ per hour} * 15 \text{ hours} = \$90.00$$

REQUIRED AND OPTIONAL DEDUCTIONS

Federal Withholding Tax: The amount required by law for employers to withhold from earned wages to pay taxes. This represents the largest deduction taken from an employee's gross income.

State Withholding Tax: The percentage deducted from an individual's paycheck to assist in funding government agencies within the state. The percentage deducted depends on the amount of gross pay the employee has earned.

FICA: Federal Insurance Contribution Act – This tax includes Social Security and Medicare. They may be combined as one line item or itemized separately on the paycheck stub

Social Security: The nation's retirement program. This tax helps provide retirement income for the elderly and pays disability benefits. Social Security taxes are based on a percentage (6.2%) of the employee's gross income. The employer matches the contribution made by the employee.

Medicare: The nation's health care program for the elderly and the disabled. This tax provides hospital and medical insurance to those who qualify. Medicare taxes are based on a percentage (1.45%) of the employee's gross income.

Retirement Plan: The amount an employee contributes each pay period to a retirement plan. A specified percentage of the contribution is often matched by the employer.

Medical: The amount taken from the employee's paycheck for medical benefits.

Year-to-Date: Totals all of the deductions which have been withheld from an individual's paycheck from January 1 to the last day of the pay period indicated on the paycheck stub.

Why is it important for Thomas who is 25 years old to put money into a retirement plan?

The time value of money – if Thomas starts saving early, his money will have more time to earn interest.



Rules for Everyone

Taxpayer must have valid Social Security number.

Taxpayer must have earned income.

Taxpayer cannot use the married filing a separate return filing status.

Taxpayer generally must be U.S. citizen or resident alien all year.

Taxpayer cannot claim an exclusion for income earned in a foreign country.

Taxpayer cannot have more than \$2,650 in investment income.

Taxpayer cannot be a qualifying child of another person.

Rules for Taxpayers with a Qualifying Child

To be a qualifying child, the child must meet the following tests:

Relationship

- son, daughter, stepson, stepdaughter, or descendant
- brother, sister, stepbrother, stepsister, or descendants
- eligible foster child, a child placed with the taxpayer by an authorized agency, whom the taxpayer cares for as the taxpayer's own child

Age

- Under age 19 or
- Under age 24 and a full-time student or
- Any age if permanently and totally disabled

Residency

- Lived with taxpayer in the United States for more than half of the tax year
- The taxpayer cannot be the qualifying child of another person.
- A person can be claimed as a qualifying child on one tax return only.

Additional Rules

- To claim the credit with a qualifying child, the child must have a Social Security number.
- If more than one taxpayer has the same qualifying child, they can choose which of them will claim the credit with that child. If both actually claim the credit with that child, the IRS will apply the tiebreaker rules.

Rules for Taxpayers Without a Qualifying Child

The taxpayer

- must be at least age 25 but under age 65.
- cannot qualify as a dependent of another person.
- must have lived in the United States for more than half of the tax year.



Credit: Social Security Administration

1935 The Social Security Act is passed by Congress and signed into law by President Roosevelt.

1937 First Social Security benefits are paid. Early Social Security checks are one-time payments.

1939 The Social Security program is expanded to include dependents and survivors of workers who retire, are disabled, or die prematurely.

1940 Monthly Social Security payments begin. Ida May Fuller was the first person to receive a monthly Social Security check. She would live to be 100 and collect about \$22,000 over her lifetime.

1950 The first cost-of-living adjustment (COLA) is made by Congress. Social Security payments are increased by 77 percent.

1956 The Social Security program is expanded to cover the disabled children of workers.

1961 Social Security Amendments lowers the retirement age to 62.

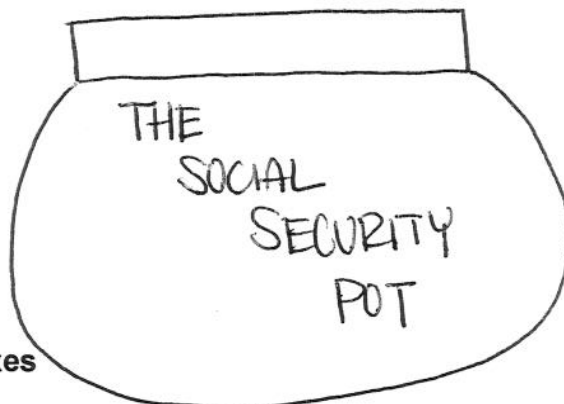
1975 Automatic cost-of-living adjustments to Social Security are approved. Now COLAs are based on the rise and fall of consumer prices.

1983 Because of a funding crisis, Social Security benefits are reduced. Benefits are taxed as income for the first time.

1999 Welfare reform affects Social Security. Efforts are made to ease disabled workers into the workforce.

GOING IN

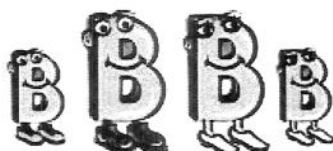
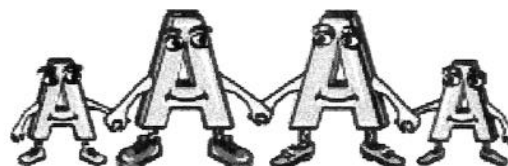
GOING OUT



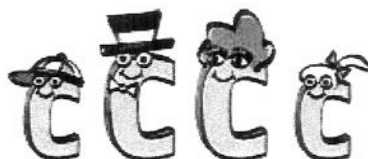
Info Sheet

Families Feel the Effect of Taxes

The following charts compare three tax systems and the ways they affect the same groups of people. The first chart shows a flat tax rate on all incomes—a proportional tax.



The second shows a regressive tax—everyone pays the same dollar amount.



The third illustrates a progressive tax with a graduated tax rate—a higher percentage is assessed on higher income taxpayers.

Review the three tax charts from the perspective of Families A, B, and C. Which tax is most fair for each family based on ability to pay: regressive, progressive, or proportional?

PROPORTIONAL TAX			
	Income	Percentage of Income Paid in Tax	Amount of Tax
Family A	\$10,000	20%	\$2,000
Family B	\$50,000	20%	\$10,000
Family C	\$100,000	20%	\$20,000

REGRESSIVE TAX			
	Income	Percentage of Income Paid in Tax	Amount of Tax
Family A	\$10,000	20%	\$2,000
Family B	\$50,000	4%	\$2,000
Family C	\$100,000	2%	\$2,000

PROGRESSIVE TAX			
	Income	Percentage of Income Paid in Tax	Amount of Tax
Family A	\$10,000	10%	\$1,000
Family B	\$50,000	20%	\$10,000
Family C	\$100,000	30%	\$30,000

Fact Sheet



The standard deduction reduces the income that is subject to tax. The amount of the standard deduction depends on the filing status, the age of the taxpayer and spouse, whether the taxpayer or spouse is blind, and whether the taxpayer can be claimed as a dependent on another taxpayer's return.

On the basis of filing status, the standard deduction for 2006 was

Standard Deduction for 2006	
Single	\$5,150
Head of household	\$7,550
Married filing a joint return	\$10,300
Qualifying widow(er) with dependent child	\$10,300
Married filing a separate return	\$5,150

The standard deduction is increased for taxpayers and spouses who are age 65 or older or who are blind.

The standard deduction may be reduced for taxpayers who can be claimed as dependents on another taxpayer's return.

For 2006, the standard deduction for a taxpayer who can be claimed as a dependent on another taxpayer's return was

earned income (wages, salaries, tips, etc.) plus \$300

but not less than \$850

and not more than the standard deduction for the single filing status (\$5150)

Summary of the Rules for Claiming an Exemption for a Dependent

- You cannot claim any dependents if you, or your spouse if filing jointly, could be claimed as a dependent by another taxpayer.
- You cannot claim a married person who files a joint return as a dependent unless that joint return is only a claim for refund and there would be no tax liability for either spouse on separate returns.
- You cannot claim a person as a dependent unless that person is a U.S. citizen or resident, or a resident of Canada or Mexico, for some part of the year.¹
- You cannot claim a person as a dependent unless that person is your **qualifying child** or **qualifying relative**.

Tests To Be a Qualifying Child	Tests To Be a Qualifying Relative
<ol style="list-style-type: none"> 1. The child must be your son, daughter, stepchild, eligible foster child, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of any of them. 2. The child must be (a) under age 19 at the end of the year, (b) under age 24 at the end of the year and a full-time student, or (c) any age if permanently and totally disabled. 3. The child must have lived with you for more than half of the year.² 4. The child must not have provided more than half of his or her own support for the year. 5. If the child meets the rules to be a qualifying child of more than one person, you must be the person entitled to claim the child as a qualifying child. 	<ol style="list-style-type: none"> 1. The person cannot be your qualifying child or the qualifying child of anyone else. 2. The person either (a) must be related to you in one of the ways listed under <i>Relatives who do not have to live with you</i>, or (b) must live with you all year as a member of your household.² 3. The person's gross income for the year must be less than \$3,300. 4. You must provide more than half of the person's total support for the year.⁴

¹There is an exception for certain adopted children.

²There are exceptions for temporary absences, children who were born or died during the year, children of divorced or separated parents, and kidnapped children.

³There is an exception if the person is disabled and has income from a sheltered workshop.

⁴There is an exception for multiple support agreements.

..... Cut here and give Form W-4 to your employer. Keep the top part for your records.

Form **W-4**

Department of the Treasury
Internal Revenue Service

Employee's Withholding Allowance Certificate

OMB No. 1545-0010
2005

► Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.

1 Type or print your first name and middle initial		Last name		2 Your social security number	
Home address (number and street or rural route)				<input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withold at higher Single rate.	
City or town, state, and ZIP code				Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.	
				3	
				4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a new card. ► <input type="checkbox"/>	

5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)	5
6 Additional amount, if any, you want withheld from each paycheck	6 \$
7 I claim exemption from withholding for 2005, and I certify that I meet both of the following conditions for exemption.	
• Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and	
• This year I expect a refund of all federal income tax withheld because I expect to have no tax liability.	
If you meet both conditions, write "Exempt" here ► 7	

Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief, it is true, correct, and complete.

Employee's signature
(Form is not valid unless you sign it.) ►

8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)		9 Office code (optional)		10 Employer identification number (EIN)	
Date ►					

----- Cut here and give Form W-4 to your employer. Keep the top part for your records. -----

Form W-4 Department of the Treasury Internal Revenue Service	Employee's Withholding Allowance Certificate ▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.	OMB No. 1545-0010 2005
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1 Type or print your first name and middle initial Lawrence R.	Last name Red Owl	2 Your social security number 512 : 00 : 2213
---	-----------------------------	--

Home address (number and street or rural route) 5022 Oak Tree Drive	3 <input checked="" type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.
City or town, state, and ZIP code Anytown, US 00001	4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a new card. <input type="checkbox"/>

5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)	5 1
6 Additional amount, if any, you want withheld from each paycheck	6 \$
7 I claim exemption from withholding for 2005, and I certify that I meet both of the following conditions for exemption. ● Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and ● This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here ▶ 7	

Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief, it is true, correct, and complete.
Employee's signature
(Form is not valid unless you sign it.) ▶

8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)	9 Office code (optional)	10 Employer identification number (EIN)
--	---------------------------------	--

a Control number		OMB No. 1545-0008		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 10-0000000				1 Wages, tips, other compensation 17,253.00			
c Employer's name, address, and ZIP code The Kitchen Corner Main and Oak Anytown, USA xxxxx				2 Federal income tax withheld 1,552.00			
d Employee's social security number 222-52-0000				3 Social security wages 17,253.00			
e Employee's first name and initial Brandon R. Last name Cooper				4 Social security tax withheld 1,069.69			
f Employee's address and ZIP code 2265 North Central Avenue Anytown, USA XXXXX				5 Medicare wages and tips 17,253.00			
15 State Employer's state ID number				6 Medicare tax withheld 250.17			
16 State wages, tips, etc.				7 Social security tips 2,321.00			
17 State income tax				8 Allocated tips			
18 Local wages, tips, etc.				9 Advance EIC payment			
19 Local income tax				10 Dependent care benefits			
20 Locality name				11 Nonqualified plans			
12a See instructions for box 12				12b			
12c				12d			

Form W-2 Wage and Tax Statement
 Department of the Treasury—Internal Revenue Service
2005
 Copy B—To Be Filed With Employee's FEDERAL Tax Return.
 This information is being furnished to the Internal Revenue Service.

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no.		Payer's RTN (optional)	OMB No. 1545-0112
		2006	
		Form 1099-INT	
PAYER'S Federal identification number	RECIPIENT'S identification number	1 Interest income not included in box 3 \$	
RECIPIENT'S name		2 Early withdrawal penalty \$	3 Interest on U.S. Savings Bonds and Treas. obligations \$
Street address (including apt. no.)		4 Federal income tax withheld \$	5 Investment expenses \$
City, state, and ZIP code		6 Foreign tax paid \$	7 Foreign country or U.S. possession
Account number (see instructions)			

Form 1099-INT (keep for your records) Department of the Treasury - Internal Revenue Service

Copy B For Recipient
This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

Form
1040EZ

Department of the Treasury—Internal Revenue Service
**Income Tax Return for Single and
Joint Filers With No Dependents (99) 2005**

OMB No. 1545-0074

Label
(See page 11.)
Use the IRS
label.
Otherwise,
please print
or type.

Presidential
Election
Campaign
(page 12)

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Your first name and initial		Last name	
If a joint return, spouse's first name and initial		Last name	
Home address (number and street). If you have a P.O. box, see page 11.			Apt. no.
City, town or post office, state, and ZIP code. If you have a foreign address, see page 11.			

Your social security number

Spouse's social security number

▲ You must enter
your SSN(s) above. ▲

Checking a box below will not
change your tax or refund.

Check here if you, or your spouse if a joint return, want \$3 to go to this fund? ☐ You ☐ Spouse

Income

Attach
Form(s) W-2
here.
Enclose, but
do not attach,
any payment.

1	Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2.	1
2	Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ.	2
3	Unemployment compensation and Alaska Permanent Fund dividends (see page 13).	3
4	Add lines 1, 2, and 3. This is your adjusted gross income .	4
5	If someone can claim you (or your spouse if a joint return) as a dependent, check the applicable box(es) below and enter the amount from the worksheet on back. <input type="checkbox"/> You <input type="checkbox"/> Spouse If someone cannot claim you (or your spouse if a joint return), enter \$8,200 if single; \$16,400 if married filing jointly. See back for explanation.	5
6	Subtract line 5 from line 4. If line 5 is larger than line 4, enter -0-. This is your taxable income .	6

**Payments
and tax**

7	Federal income tax withheld from box 2 of your Form(s) W-2.	7
8a	Earned income credit (EIC).	8a
b	Nontaxable combat pay election.	8b
9	Add lines 7 and 8a. These are your total payments .	9
10	Tax. Use the amount on line 6 above to find your tax in the tax table on pages 24-32 of the booklet. Then, enter the tax from the table on this line.	10

Refund

Have it directly
deposited! See
page 18 and fill
in 11b, 11c,
and 11d.

11a	If line 9 is larger than line 10, subtract line 10 from line 9. This is your refund.	11a
b	Routing number	c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number	

**Amount
you owe**

12	If line 10 is larger than line 9, subtract line 9 from line 10. This is the amount you owe. For details on how to pay, see page 19.	12
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**Third party
designee**

Do you want to allow another person to discuss this return with the IRS (see page 19)? ☐ Yes. Complete the following. ☐ No

Designee's name	Phone no.	Personal identification number (PIN)
-----------------	-----------	--------------------------------------

**Sign
here**

Joint return?
See page 11.
Keep a copy
for your
records.

Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.	Date	Your occupation	Daytime phone number
Your signature			()
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	

**Paid
preparer's
use only**

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code	EIN	Phone no.	

2005 Tax Table—Continued

If line 43 (taxable income) is—		And you are—				If line 43 (taxable income) is—		And you are—				If line 43 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly	Married filing sepa- rately	Head of a house- hold	At least	But less than	Single	Married filing jointly	Married filing sepa- rately	Head of a house- hold	At least	But less than	Single	Married filing jointly	Married filing sepa- rately	Head of a house- hold
Your tax is—						Your tax is—						Your tax is—					
14,000						17,000						20,000					
14,000	14,050	1,739	1,403	1,739	1,581	17,000	17,050	2,189	1,824	2,189	2,031	20,000	20,050	2,639	2,274	2,639	2,481
14,050	14,100	1,746	1,408	1,746	1,589	17,050	17,100	2,196	1,831	2,196	2,039	20,050	20,100	2,646	2,281	2,646	2,489
14,100	14,150	1,754	1,413	1,754	1,596	17,100	17,150	2,204	1,839	2,204	2,046	20,100	20,150	2,654	2,289	2,654	2,496
14,150	14,200	1,761	1,418	1,761	1,604	17,150	17,200	2,211	1,846	2,211	2,054	20,150	20,200	2,661	2,296	2,661	2,504
14,200	14,250	1,769	1,423	1,769	1,611	17,200	17,250	2,219	1,854	2,219	2,061	20,200	20,250	2,669	2,304	2,669	2,511
14,250	14,300	1,776	1,428	1,776	1,619	17,250	17,300	2,226	1,861	2,226	2,069	20,250	20,300	2,676	2,311	2,676	2,519
14,300	14,350	1,784	1,433	1,784	1,626	17,300	17,350	2,234	1,869	2,234	2,076	20,300	20,350	2,684	2,319	2,684	2,526
14,350	14,400	1,791	1,438	1,791	1,634	17,350	17,400	2,241	1,876	2,241	2,084	20,350	20,400	2,691	2,326	2,691	2,534
14,400	14,450	1,799	1,443	1,799	1,641	17,400	17,450	2,249	1,884	2,249	2,091	20,400	20,450	2,699	2,334	2,699	2,541
14,450	14,500	1,806	1,448	1,806	1,649	17,450	17,500	2,256	1,891	2,256	2,099	20,450	20,500	2,706	2,341	2,706	2,549
14,500	14,550	1,814	1,453	1,814	1,656	17,500	17,550	2,264	1,899	2,264	2,106	20,500	20,550	2,714	2,349	2,714	2,556
14,550	14,600	1,821	1,458	1,821	1,664	17,550	17,600	2,271	1,906	2,271	2,114	20,550	20,600	2,721	2,356	2,721	2,564
14,600	14,650	1,829	1,464	1,829	1,671	17,600	17,650	2,279	1,914	2,279	2,121	20,600	20,650	2,729	2,364	2,729	2,571
14,650	14,700	1,836	1,471	1,836	1,679	17,650	17,700	2,286	1,921	2,286	2,129	20,650	20,700	2,736	2,371	2,736	2,579
14,700	14,750	1,844	1,479	1,844	1,686	17,700	17,750	2,294	1,929	2,294	2,136	20,700	20,750	2,744	2,379	2,744	2,586
14,750	14,800	1,851	1,486	1,851	1,694	17,750	17,800	2,301	1,936	2,301	2,144	20,750	20,800	2,751	2,386	2,751	2,594
14,800	14,850	1,859	1,494	1,859	1,701	17,800	17,850	2,309	1,944	2,309	2,151	20,800	20,850	2,759	2,394	2,759	2,601
14,850	14,900	1,866	1,501	1,866	1,709	17,850	17,900	2,316	1,951	2,316	2,159	20,850	20,900	2,766	2,401	2,766	2,609
14,900	14,950	1,874	1,509	1,874	1,716	17,900	17,950	2,324	1,959	2,324	2,166	20,900	20,950	2,774	2,409	2,774	2,616
14,950	15,000	1,881	1,516	1,881	1,724	17,950	18,000	2,331	1,966	2,331	2,174	20,950	21,000	2,781	2,416	2,781	2,624
15,000						18,000						21,000					
15,000	15,050	1,889	1,524	1,889	1,731	18,000	18,050	2,339	1,974	2,339	2,181	21,000	21,050	2,789	2,424	2,789	2,631
15,050	15,100	1,896	1,531	1,896	1,739	18,050	18,100	2,346	1,981	2,346	2,189	21,050	21,100	2,796	2,431	2,796	2,639
15,100	15,150	1,904	1,539	1,904	1,746	18,100	18,150	2,354	1,989	2,354	2,196	21,100	21,150	2,804	2,439	2,804	2,646
15,150	15,200	1,911	1,546	1,911	1,754	18,150	18,200	2,361	1,996	2,361	2,204	21,150	21,200	2,811	2,446	2,811	2,654
15,200	15,250	1,919	1,554	1,919	1,761	18,200	18,250	2,369	2,004	2,369	2,211	21,200	21,250	2,819	2,454	2,819	2,661
15,250	15,300	1,926	1,561	1,926	1,769	18,250	18,300	2,376	2,011	2,376	2,219	21,250	21,300	2,826	2,461	2,826	2,669
15,300	15,350	1,934	1,569	1,934	1,776	18,300	18,350	2,384	2,019	2,384	2,226	21,300	21,350	2,834	2,469	2,834	2,676
15,350	15,400	1,941	1,576	1,941	1,784	18,350	18,400	2,391	2,026	2,391	2,234	21,350	21,400	2,841	2,476	2,841	2,684
15,400	15,450	1,949	1,584	1,949	1,791	18,400	18,450	2,399	2,034	2,399	2,241	21,400	21,450	2,849	2,484	2,849	2,691
15,450	15,500	1,956	1,591	1,956	1,799	18,450	18,500	2,406	2,041	2,406	2,249	21,450	21,500	2,856	2,491	2,856	2,699
15,500	15,550	1,964	1,599	1,964	1,806	18,500	18,550	2,414	2,049	2,414	2,256	21,500	21,550	2,864	2,499	2,864	2,706
15,550	15,600	1,971	1,606	1,971	1,814	18,550	18,600	2,421	2,056	2,421	2,264	21,550	21,600	2,871	2,506	2,871	2,714
15,600	15,650	1,979	1,614	1,979	1,821	18,600	18,650	2,429	2,064	2,429	2,271	21,600	21,650	2,879	2,514	2,879	2,721
15,650	15,700	1,986	1,621	1,986	1,829	18,650	18,700	2,436	2,071	2,436	2,279	21,650	21,700	2,886	2,521	2,886	2,729
15,700	15,750	1,994	1,629	1,994	1,836	18,700	18,750	2,444	2,079	2,444	2,286	21,700	21,750	2,894	2,529	2,894	2,736
15,750	15,800	2,001	1,636	2,001	1,844	18,750	18,800	2,451	2,086	2,451	2,294	21,750	21,800	2,901	2,536	2,901	2,744
15,800	15,850	2,009	1,644	2,009	1,851	18,800	18,850	2,459	2,094	2,459	2,301	21,800	21,850	2,909	2,544	2,909	2,751
15,850	15,900	2,016	1,651	2,016	1,859	18,850	18,900	2,466	2,101	2,466	2,309	21,850	21,900	2,916	2,551	2,916	2,759
15,900	15,950	2,024	1,659	2,024	1,866	18,900	18,950	2,474	2,109	2,474	2,316	21,900	21,950	2,924	2,559	2,924	2,766
15,950	16,000	2,031	1,666	2,031	1,874	18,950	19,000	2,481	2,116	2,481	2,324	21,950	22,000	2,931	2,566	2,931	2,774
16,000						19,000						22,000					
16,000	16,050	2,039	1,674	2,039	1,881	19,000	19,050	2,489	2,124	2,489	2,331	22,000	22,050	2,939	2,574	2,939	2,781
16,050	16,100	2,046	1,681	2,046	1,889	19,050	19,100	2,496	2,131	2,496	2,339	22,050	22,100	2,946	2,581	2,946	2,789
16,100	16,150	2,054	1,689	2,054	1,896	19,100	19,150	2,504	2,139	2,504	2,346	22,100	22,150	2,954	2,589	2,954	2,796
16,150	16,200	2,061	1,696	2,061	1,904	19,150	19,200	2,511	2,146	2,511	2,354	22,150	22,200	2,961	2,596	2,961	2,804
16,200	16,250	2,069	1,704	2,069	1,911	19,200	19,250	2,519	2,154	2,519	2,361	22,200	22,250	2,969	2,604	2,969	2,811
16,250	16,300	2,076	1,711	2,076	1,919	19,250	19,300	2,526	2,161	2,526	2,369	22,250	22,300	2,976	2,611	2,976	2,819
16,300	16,350	2,084	1,719	2,084	1,926	19,300	19,350	2,534	2,169	2,534	2,376	22,300	22,350	2,984	2,619	2,984	2,826
16,350	16,400	2,091	1,726	2,091	1,934	19,350	19,400	2,541	2,176	2,541	2,384	22,350	22,400	2,991	2,626	2,991	2,834
16,400	16,450	2,099	1,734	2,099	1,941	19,400	19,450	2,549	2,184	2,549	2,391	22,400	22,450	2,999	2,634	2,999	2,841
16,450	16,500	2,106	1,741	2,106	1,949	19,450	19,500	2,556	2,191	2,556	2,399	22,450	22,500	3,006	2,641	3,006	2,849
16,500	16,550	2,114	1,749	2,114	1,956	19,500	19,550	2,564	2,199	2,564	2,406	22,500	22,550	3,014	2,649	3,014	2,856
16,550	16,600	2,121	1,756	2,121	1,964	19,550	19,600	2,571	2,206	2,571	2,414	22,550	22,600	3,021	2,656	3,021	2,864
16,600	16,650	2															

Label

(See instructions on page 16.)

Use the IRS label.

Otherwise, please print or type.

Presidential Election Campaign

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For the year Jan. 1–Dec. 31, 2005, or other tax year beginning , 2005, ending , 20

OMB No. 1545-0074

Your first name and initial

Last name

Your social security number

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

Home address (number and street). If you have a P.O. box, see page 16.

Apt. no.

▲ You must enter your SSN(s) above. ▲

City, town or post office, state, and ZIP code. If you have a foreign address, see page 16.

Checking a box below will not change your tax or refund.

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 16) ▶

☐ You ☐ Spouse

Filing Status

Check only one box.

- 1 ☐ Single
- 2 ☐ Married filing jointly (even if only one had income)
- 3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶
- 4 ☐ Head of household (with qualifying person). (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
- 5 ☐ Qualifying widow(er) with dependent child (see page 17)

Exemptions

If more than four dependents, see page 19.

- 6a ☐ Yourself. If someone can claim you as a dependent, do not check box 6a
- b ☐ Spouse
- c Dependents:
- | (1) First name | Last name | (2) Dependent's social security number | (3) Dependent's relationship to you | (4) <input checked="" type="checkbox"/> If qualifying child for child tax credit (see page 19) |
|----------------|-----------|--|-------------------------------------|--|
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |
| | | | | <input type="checkbox"/> |
- d Total number of exemptions claimed
- Boxes checked on 6a and 6b
- No. of children on 6c who:
- lived with you
 - did not live with you due to divorce or separation (see page 20)
- Dependents on 6c not entered above
- Add numbers on lines above ▶

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see page 22.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

- 7 Wages, salaries, tips, etc. Attach Form(s) W-2
- 8a Taxable interest. Attach Schedule B if required
- b Tax-exempt interest. Do not include on line 8a
- 8b
- 9a Ordinary dividends. Attach Schedule B if required
- b Qualified dividends (see page 23)
- 9b
- 10 Taxable refunds, credits, or offsets of state and local income taxes (see page 23)
- 11 Alimony received
- 12 Business income or (loss). Attach Schedule C or C-EZ
- 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐
- 14 Other gains or (losses). Attach Form 4797
- 15a IRA distributions
- 15b Taxable amount (see page 25)
- 16a Pensions and annuities
- 16b Taxable amount (see page 25)
- 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E
- 18 Farm income or (loss). Attach Schedule F
- 19 Unemployment compensation
- 20a Social security benefits
- 20b Taxable amount (see page 27)
- 21 Other income. List type and amount (see page 29)
- 22 Add the amounts in the far right column for lines 7 through 21. This is your total income ▶

Adjusted Gross Income

- 23 Educator expenses (see page 29)
- 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ
- 25 Health savings account deduction. Attach Form 8889
- 26 Moving expenses. Attach Form 3903
- 27 One-half of self-employment tax. Attach Schedule SE
- 28 Self-employed SEP, SIMPLE, and qualified plans
- 29 Self-employed health insurance deduction (see page 30)
- 30 Penalty on early withdrawal of savings
- 31a Alimony paid b Recipient's SSN ▶
- 32 IRA deduction (see page 31)
- 33 Student loan interest deduction (see page 33)
- 34 Tuition and fees deduction (see page 34)
- 35 Domestic production activities deduction. Attach Form 8903
- 36 Add lines 23 through 31a and 32 through 35
- 37 Subtract line 36 from line 22. This is your adjusted gross income ▶

Tax and Credits**Standard Deduction for—**

• People who checked any box on line 39a or 39b or who can be claimed as a dependent, see page 36.

• All others:

Single or Married filing separately, \$5,000

Married filing jointly or Qualifying widow(er), \$10,000

Head of household, \$7,300

38	Amount from line 37 (adjusted gross income)	38	
39a	Check <input type="checkbox"/> You were born before January 2, 1941, <input type="checkbox"/> Blind. Total boxes		
	if: <input type="checkbox"/> Spouse was born before January 2, 1941, <input type="checkbox"/> Blind. checked ▶ 39a		
b	If your spouse itemizes on a separate return or you were a dual-status alien, see page 35 and check here ▶ 39b		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	
41	Subtract line 40 from line 38	41	
42	If line 38 is over \$109,475, or you provided housing to a person displaced by Hurricane Katrina, see page 37. Otherwise, multiply \$3,200 by the total number of exemptions claimed on line 6d	42	
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	
44	Tax (see page 37). Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	44	
45	Alternative minimum tax (see page 39). Attach Form 6251	45	
46	Add lines 44 and 45	46	
47	Foreign tax credit. Attach Form 1116 if required	47	
48	Credit for child and dependent care expenses. Attach Form 2441	48	
49	Credit for the elderly or the disabled. Attach Schedule R	49	
50	Education credits. Attach Form 8863	50	
51	Retirement savings contributions credit. Attach Form 8880	51	
52	Child tax credit (see page 41). Attach Form 8901 if required	52	
53	Adoption credit. Attach Form 8839	53	
54	Credits from: a <input type="checkbox"/> Form 8396 b <input type="checkbox"/> Form 8859	54	
55	Other credits. Check applicable box(es): a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/> Form	55	
56	Add lines 47 through 55. These are your total credits	56	
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	

Other Taxes

58	Self-employment tax. Attach Schedule SE	58	
59	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
61	Advance earned income credit payments from Form(s) W-2	61	
62	Household employment taxes. Attach Schedule H	62	
63	Add lines 57 through 62. This is your total tax	63	

Payments

If you have a qualifying child, attach Schedule EIC.

64	Federal income tax withheld from Forms W-2 and 1099	64	
65	2005 estimated tax payments and amount applied from 2004 return	65	
66a	Earned income credit (EIC)	66a	
b	Nontaxable combat pay election ▶ 66b		
67	Excess social security and tier 1 RRTA tax withheld (see page 59)	67	
68	Additional child tax credit. Attach Form 8812	68	
69	Amount paid with request for extension to file (see page 59)	69	
70	Payments from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136 c <input type="checkbox"/> Form 8885	70	
71	Add lines 64, 65, 66a, and 67 through 70. These are your total payments	71	

Refund

Direct deposit? See page 59 and fill in 73b, 73c, and 73d.

72	If line 71 is more than line 63, subtract line 63 from line 71. This is the amount you overpaid	72	
73a	Amount of line 72 you want refunded to you	73a	
b	Routing number	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number		
74	Amount of line 72 you want applied to your 2006 estimated tax	74	

Amount You Owe

75	Amount you owe. Subtract line 71 from line 63. For details on how to pay, see page 60	75	
76	Estimated tax penalty (see page 60)	76	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 61)? ☐ **Yes.** Complete the following. ☐ **No**

Designee's name	Phone no.	Personal identification number (PIN)
-----------------	-----------	--------------------------------------

Sign Here

Joint return? See page 17. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code	EIN	Phone no.	



Cafeteria Plan

What is a cafeteria plan or Section 125?

A cafeteria plan is a benefit that allows the employee to choose where each benefit dollar will be spent. The cafeteria plan can be used for several employee options. Some of these options include: dental, accident, disability, vision, group term life, or child care services.

How does it work?

At the beginning of the plan year, the employee decides how much money will be taken from his salary per month. The money is taken from his paycheck prior to being taxed and deposited into his flexible spending account (FSA). When the employee incurs an expense that is covered by the plan, the employee pays for the expense out-of-pocket and submits a claim for reimbursement.

What are the employee benefits?

There are several employee benefits involved in a cafeteria plan. Some of the benefits the employees enjoy are:

- Reduced taxable income –
- Increased percentage of take-home pay
- Greater tax reduction for dependents
- Freedom to select benefits

Example of employee savings based on \$3000 salary:

	Income before joining cafeteria plan	Income after joining cafeteria plan
Gross Salary Per Month	\$3000	\$3000
Before-tax medical costs	-0	-100
Before-tax child care costs	-0	-300
Taxable salary	3000	2600
Taxes (federal, FICA, state)	-750	-650
After-tax medical costs	-100	-0
Child care costs	-300	-0
Total take-home pay	1850	1950
Savings	0	100
Yearly savings	0	1200

What are the employer benefits?

Even though the employer does not contribute into the plan, there are several benefits to any cafeteria plan for the employer. Employer benefits include:

- For every employee's dollar that passes through the plan the, employer does not have to pay FICA, federal taxes, or state taxes on that money. The savings comes out to be about 20% for every dollar.
- Plans are easy to set-up, manage, and administer.
- Offers employers extra benefit to offer employees – employer goodwill.
- Employer retains all unused money at the end of the year.
- Matrix Financial will service and maintain accounts and will assist in administrative activities.

Example of employer's savings with 100 employees and salary average of \$30,000:

	Without cafeteria plan	With cafeteria plan
Annual payroll	\$3,000,000	\$3,000,000
Employee paid premiums	-0	-240,000
Dependent child care	-0	-50,000
Taxable payroll	\$3,000,000	\$2,710,000
Taxes	-225,000	-203,250
Yearly Savings	0	\$21,750

Hope Scholarship and Lifetime Learning Tax Credits

Your school has provided the enclosed IRS Form 1098-T to help you or your parents determine eligibility for the Hope Scholarship or Lifetime Learning Credits. These are education tax credits that might reduce your 2006 federal income tax liability.

The Hope Scholarship Credit and the Lifetime Learning Credit took effect in 1998 to help families reduce the amount they pay out-of-pocket for tuition and related expenses at a postsecondary institution.

- The **Hope Scholarship Credit** provides a credit of up to \$1,500 for a student who is enrolled at least half time in one of the first two years of postsecondary education. This credit can be claimed for only two taxable years.
- The **Lifetime Learning Credit** provides a credit of up to \$2,000 per year for a student taking courses, including graduate-level degree work. This credit can be claimed for as long as the student is enrolled in an eligible educational institution.

Who qualifies for these credits?

Only taxpayers qualify for the credits. If you are claimed as a dependent on someone else's tax return, that person may qualify for the credit. A taxpayer may qualify if:

- The taxpayer (you or the person who claims you as a dependent) is paying for higher education costs for the taxpayer or their dependents.

AND

- The taxpayer's 2006 modified adjusted gross income is within IRS defined limits.

There are certain limitations specific to each of the tax credits. The college you attend cannot determine if you qualify for one of the credits or the amount of the credit due you.

How is the tax credit amount determined?

The tax credit amounts are determined by the amount the taxpayer paid for eligible tuition and related expenses and the taxpayer's income.

- The amount of the **Hope Scholarship Credit** is 100% of the first \$1,000 plus 50% of the next \$1,000 paid for any eligible student's qualified tuition and related expenses from January 1, 2006 to December 31, 2006. The maximum credit is \$1,500 per eligible student.
- The amount of the **Lifetime Learning Credit** is 20% of the first \$10,000 paid for qualified tuition and related expenses for any eligible student from January 1, 2006 to December 31, 2006. The maximum credit is \$2,000 per family.

Income limits for receiving the credits are specified in *IRS Publication 970, Tax Benefits for Education*, which also identifies the tuition and fee expenses and payments that qualify for the tax credits. To receive either tax credit, the taxpayer must account for and document the amount paid for tuition and other expenses on IRS Form 8863 and file it with the 2006 federal income tax return. Your school provides Form 1098-T to summarize your financial information, to document your enrollment, and to indicate whether or not you are a graduate student. You do not file Form 1098-T with your tax return. Instead, you should keep it with your tax records.

Where can I get more information?

If you believe you or your parents might qualify for one of the tax credits, you should obtain *IRS Publication 970* and IRS Form 8863 for more information. To obtain copies, call 1-800-TAX-FORM or go to <http://www.irs.gov/>. You may also want to consult a professional tax advisor.

Types of Accounts

Checking	Savings	Money Market	Certificate of Deposit a.k.a "CD"	Retirement Accounts	Investment Accounts
<i>Description:</i>	<i>Description:</i>	<i>Description:</i>	<i>Description:</i>	403(b)	Stocks
<i>Average Interest Rate:</i>	<i>Average Interest Rate:</i>	<i>Average Interest Rate:</i>	<i>Average Interest Rate:</i>	401(k)	Bonds
				IRA a.k.a Individual Retirement Account	Mutual Funds
				Roth IRA	

Types of Accounts

403(b)	401(k)	IRA a.k.a Individual Retirement Account	IRA	Mutual Fund	Diversification
Description:	Description:	Description:	Description:	Description:	Description:
Age to withdrawal without penalty:	Age to withdrawal without penalty:	Age to withdrawal without penalty:	Age to withdrawal without penalty:	Bonds	"Not putting all your eggs in one basket"
Maximum amount of \$ to put into account:	Maximum amount of \$ to put into account:	Maximum amount of \$ to put into account:	Maximum amount of \$ to put into account:	Description:	
		Main difference between IRA and ROTH IRA:		Stocks: Description:	

Name: _____ Period: _____

Savings Children Book

Due:

Instructions: You are going to design a savings children's book in which you will teach the different concepts we have learned in the investment unit.

You may address the value of saving, what is saving, what is investing, the rule of 72, compounding interest, pay your self first, the 70-20-10 rule, or anything else that appears relevant.

You must have the following:

1. Typed with a easy story line
2. Colored Pictures on every page
3. At least 6 pages long with words and pictures, with additional cover page including title and author
4. Laminated and Bound
5. Content--- what concept are you teaching
6. Creativity--- will a child enjoy reading this and be a captive audience
7. Completion- was it done on the day it was due

The grade break down is as follows:

Typed with a easy story line	_____ /15
Colored Pictures on every page	_____ /20
At least 6 pages long with words and pictures	_____ /20
Laminated and Bound	_____ /20
Content--- what concept are you teaching	_____ /25
Creativity--- will a child enjoy reading this and be a captive audience	_____ /25
Completion- was it done on the day it was due	_____ /25

TOTAL: _____ /150

Name: _____ Period: _____

Savings Children Book

Due:

Instructions: You are going to design a savings children's book in which you will teach the different concepts we have learned in the investment unit.

You may address the value of saving, what is saving, what is investing, the rule of 72, compounding interest, pay your self first, the 70-20-10 rule, or anything else that appears relevant.

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4. Laminated and Bound
5. Content--- what concept are you teaching
6. Creativity--- will a child enjoy reading this and be a captive audience
7. Completion- was it done on the day it was due

The grade break down is as follows:

Typed with a easy story line	_____ /15
Colored Pictures on every page	_____ /20
At least 6 pages long with words and pictures	_____ /20
Laminated and Bound	_____ /20
Content--- what concept are you teaching	_____ /25
Creativity--- will a child enjoy reading this and be a captive audience	_____ /25
Completion- was it done on the day it was due	_____ /25

TOTAL: _____ /150

Form
1040EZ

Department of the Treasury—Internal Revenue Service

**Income Tax Return for Single and
Joint Filers With No Dependents (99) 2005**

OMB No. 1545-0074

Label
(See page 11.)
Use the IRS
label.
Otherwise,
please print
or type.

Presidential
Election
Campaign
(page 12)

L A B E L H E R E	Your first name and initial	Last name
	If a joint return, spouse's first name and initial	Last name
	Home address (number and street). If you have a P.O. box, see page 11.	Apt. no.
	City, town or post office, state, and ZIP code. If you have a foreign address, see page 11.	

Your social security number
: : :
: : :
: : :
Spouse's social security number
: : :
: : :
: : :
▲ You must enter
your SSN(s) above. ▲
Checking a box below will not
change your tax or refund.

Check here if you, or your spouse if a joint return, want \$3 to go to this fund? ☐ You ☐ Spouse

Income

Attach
Form(s) W-2
here.
Enclose, but
do not attach,
any payment.

1	Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2.	1
2	Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ.	2
3	Unemployment compensation and Alaska Permanent Fund dividends (see page 13).	3
4	Add lines 1, 2, and 3. This is your adjusted gross income .	4
5	If someone can claim you (or your spouse if a joint return) as a dependent, check the applicable box(es) below and enter the amount from the worksheet on back. <input type="checkbox"/> You <input type="checkbox"/> Spouse If someone cannot claim you (or your spouse if a joint return), enter \$8,200 if single; \$16,400 if married filing jointly. See back for explanation.	5
6	Subtract line 5 from line 4. If line 5 is larger than line 4, enter -0-. This is your taxable income .	6

**Payments
and tax**

7	Federal income tax withheld from box 2 of your Form(s) W-2.	7
8a	Earned income credit (EIC).	8a
b	Nontaxable combat pay election.	8b
9	Add lines 7 and 8a. These are your total payments .	9
10	Tax. Use the amount on line 6 above to find your tax in the tax table on pages 24-32 of the booklet. Then, enter the tax from the table on this line.	10

Refund

Have it directly
deposited! See
page 18 and fill
in 11b, 11c,
and 11d.

11a	If line 9 is larger than line 10, subtract line 10 from line 9. This is your refund .	11a
b	Routing number	c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number	

**Amount
you owe**

12	If line 10 is larger than line 9, subtract line 9 from line 10. This is the amount you owe. For details on how to pay, see page 19.	12
----	---	----

**Third party
designee**

Do you want to allow another person to discuss this return with the IRS (see page 19)? ☐ Yes. Complete the following. ☐ No

Designee's name	Phone no.	Personal identification number (PIN)
-----------------	-----------	--------------------------------------

**Sign
here**

Joint return?
See page 11.
Keep a copy
for your
records.

Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.			
Your signature	Date	Your occupation	Daytime phone number ()
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	

**Paid
preparer's
use only**

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code	EIN	Phone no.	

**Use
this
form if**

- Your filing status is single or married filing jointly. If you are not sure about your filing status, see page 11.
- You (and your spouse if married filing jointly) were under age 65 and not blind at the end of 2005. If you were born on January 1, 1941, you are considered to be age 65 at the end of 2005.
- You do not claim any dependents. For information on dependents, use TeleTax topic 354 (see page 6).
- Your taxable income (line 6) is less than \$100,000.
- You do not claim any adjustments to income. For information on adjustments to income, use TeleTax topics 451-458 (see page 6).
- The only tax credit you can claim is the earned income credit. For information on credits, use TeleTax topics 601-608 and 610 (see page 6).
- You had only wages, salaries, tips, taxable scholarship or fellowship grants, unemployment compensation, or Alaska Permanent Fund dividends, and your taxable interest was not over \$1,500. But if you earned tips, including allocated tips, that are not included in box 5 and box 7 of your Form W-2, you may not be able to use Form 1040EZ (see page 12). If you are planning to use Form 1040EZ for a child who received Alaska Permanent Fund dividends, see page 13.
- You did not receive any advance earned income credit payments.
If you cannot use this form, use TeleTax topic 352 (see page 6).

**Filling in
your
return**

If you received a scholarship or fellowship grant or tax-exempt interest income, such as on municipal bonds, see the booklet before filling in the form. Also, see the booklet if you received a Form 1099-INT showing federal income tax withheld or if federal income tax was withheld from your unemployment compensation or Alaska Permanent Fund dividends.

For tips on how to avoid common mistakes, see page 20.

Remember, you must report all wages, salaries, and tips even if you do not get a Form W-2 from your employer. You must also report all your taxable interest, including interest from banks, savings and loans, credit unions, etc., even if you do not get a Form 1099-INT.

**Worksheet
for
dependents
who
checked
one or
both boxes
on line 5**

(keep a copy for your records)

Use this worksheet to figure the amount to enter on line 5 if someone can claim you (or your spouse if married filing jointly) as a dependent, even if that person chooses not to do so. To find out if someone can claim you as a dependent, use TeleTax topic 354 (see page 6).

- A. Amount, if any, from line 1 on front **A.** _____
- B. Is line A more than \$550?
- ☐ **Yes.** Add \$250 to line A. Enter the total. } **B.** _____
- ☐ **No.** Enter \$800. }
- C. If single, enter \$5,000; if married filing jointly, enter \$10,000 . . . **C.** _____
- D. Enter the smaller of line B or line C here. This is your standard deduction **D.** _____
- E. Exemption amount.
- If single, enter -0-. }
- If married filing jointly and you checked—
- both boxes on line 5, enter -0-. }
- only one box on line 5, enter \$3,200. }
- E.** _____

F. Add lines D and E. Enter the total here and on line 5 on the front . **F.** _____

If you did not check any boxes on line 5, enter on line 5 the amount shown below that applies to you.

- Single, enter \$8,200. This is the total of your standard deduction (\$5,000) and your exemption (\$3,200).
- Married filing jointly, enter \$16,400. This is the total of your standard deduction (\$10,000), your exemption (\$3,200), and your spouse's exemption (\$3,200).

**Mailing
return**

Mail your return by **April 17, 2006**. Use the envelope that came with your booklet. If you do not have that envelope or if you moved during the year, see the back cover for the address to use.

a Control number		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 10-0000000		OMB No. 1545-0008			
c Employer's name, address, and ZIP code The Kitchen Corner Main and Oak Anytown, USA xxxxx		1 Wages, tips, other compensation 17,253.00		2 Federal income tax withheld 1,552.00	
		3 Social security wages 17,253.00		4 Social security tax withheld 1,069.69	
		5 Medicare wages and tips 17,253.00		6 Medicare tax withheld 250.17	
		7 Social security tips 2,321.00		8 Allocated tips	
d Employer's social security number 222-52-0000		9 Advance EIC payment		10 Dependent care benefits	
e Employee's first name and initial Brandon R.		Last name Cooper		11 Nonqualified plans	
2265 North Central Avenue Anytown, USA XXXXX		<input type="checkbox"/> Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third party sick pay <input type="checkbox"/> Other		12a See instructions for box 12	
f Employee's address and ZIP code		13 State Employer's state ID number		12b	
		16 State wages, tips, etc.		12c	
		17 State income tax		12d	
		18 Local wages, tips, etc.		19 Local income tax	
15 State Employer's state ID number		16 State wages, tips, etc.		20 Locality name	

W-2

**Wage and Tax
Statement**

Form
Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

Department of the Treasury—Internal Revenue Service

Name
Period

Cut here and give Form W-4 to your employer. Keep the top part for your records.

Form
W-4

Department of the Treasury
Internal Revenue Service

Employee's Withholding Allowance Certificate

Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.

OMB No. 1545-0010

2005

1 Type or print your first name and middle initial

Last name

2 Your social security number

Home address (number and street or rural route)

City or town, state, and ZIP code

3 ☐ Single ☐ Married ☐ Married, but withheld at higher Single rate.
Note, if married, but legally separated, or spouse is a nonresident alien, check the "Single" box.

4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a new card. ☐

5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)

5

\$

6 Additional amount, if any, you want withheld from each paycheck

6

\$

7 I claim exemption from withholding for 2005, and I certify that I meet both of the following conditions for exemption.
• Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and
• This year I expect a refund of all federal income tax withheld because I expect to have no tax liability.

If you meet both conditions, write "Exempt" here

7

Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief, it is true, correct, and complete.

Employee's signature
(Form is not valid unless you sign it.)

8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)

Date

9 Office code
(optional)

10 Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 2.

Cat. No. 102200

Form W-4 (2005)

1099-INT
1099-DIV
Flex Spending/Cafeteria
Plan
Exemption Example
Dependents

ALLOWANCES
0-9